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EDITORIAL

As We See It

In his inaugural address last Saturday, Governor Harriman of New York had this to say:

"I propose that we reject no approach because it is unorthodox, and no answer merely because it requires a radical revision of present machinery or prevailing prejudices."

In thus promising a "bold adventurous administration," the Governor appears to be imitating Franklin D. Roosevelt, who in 1933 seemed to popularize the notion that whatever is is wrong—to misquote the poet—and to lead the unthinking into the supposition that anything new and untried offered a good prospect of being constructive and helpful.

Governor Harriman, we assume, hopes to place himself at the head of the political cult which seems to hold an inextinguishable faith in the doctrine that the rank and file of the people are now so in revolt against the past that anyone who despises experience and makes a boast of it must attract a large following. We shall not make any predictions about the success of the distinguished gentleman in Albany, but we may remark rather wryly that the Governor of New York has the dog biting the man; a really "bold" proposal today—a story which has the man biting the dog—would seem to be one which insisted that in both word and deed the best teachings of experience be sought out and followed. To this point, so it seems to us, the New Deal, the Fair Deal, and all too much of the actual program of the Eisenhower Administration have brought us.

At any rate, there is all too little that is new in any proposal to proceed along lines which on

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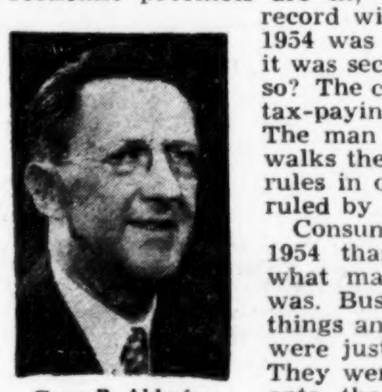
1955—The Consumer Is Back in the Driver's Seat

By EVAN B. ALDERFER*
Industrial Economist,
Federal Reserve Bank of Philadelphia

Dr. Alderfer, forecasting consumer spending and residential construction will increase in 1955, estimates consumer spending will rise $2 billion, thus insuring a continued demand for non-durable goods, as well as greater spending applicable to durable items. Says heavier spending may also be expected for services. Looks, however, for a declining trend in capital outlays, but maintains decline in Federal expenditure will be more than offset by increases in state and local government outlays.

1955 will be several months old before the bookkeepers can give a final tally on 1954. But it isn't really necessary to wait until the final returns from all economic precincts are in; we know about what the record will show. It will show that 1954 was not the best of times; but it was second best—and who made it so? The consumer. The steak-eating, tax-paying, car-buying consumer. The man who works and votes and walks the family dog. The man who rules in our democracy and is overruled by no one but his wife.



Evan B. Alderfer

Consumers spent more money in 1954 than ever before, and that's what made business so good as it was. Businessmen, who buy a lot of things and services from each other, were just a little cautious last year. They were very cost-conscious, held onto the reins tighter, had to be convinced before they spent any money. They bought hand-to-mouth and sold off-the-shelf as much as they could.

Uncle Sam, always a big operator, is the biggest single

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*Substance of a talk by Dr. Alderfer at a meeting of the Chester County Bankers Association, Paoli, Pa.

How the New Tax Law Affects the Bond Buyer

By L. W. SEIDMAN
Seidman & Seidman
Certified Public Accountants, New York City

Mr. Seidman points out that under the new tax law it is an advantage to buy taxable bonds at a discount instead of par or at a premium, while there is an advantage in buying tax-exempt bonds at par or above. Says there have been no material changes in the tax law affecting tax-exempt bonds, but other classes of issues are subject to new rules. Finds two "loopholes" closed for reducing taxes on bond interest income.

Along with every butcher, baker, and candlestick maker, the new tax law has its particular effect on the bond buyer. The old rules for obtaining a maximum "after-tax" yield on bonds (see Commercial and Financial Chronicle — Oct. 22, 1953) will have to be revised in light of the provisions of the new law. The old rules may be summarized as follows: All other things being equal, there is an advantage in buying taxable bonds at a discount instead of par or at a premium, while there is an advantage in buying tax-exempt bonds at par or at a premium instead of at a discount.

L. William Seidman

To ease the minds of those who dislike tampering with lessons already learned, let it first be said that there have been no material changes in the tax law with respect to tax-exempt bonds. The municipal bond buyer can continue to follow the old maxims, confident in the fact that he is achieving the maximum "after-tax" yield.

With respect to taxable bonds, the new law makes changes which modify the previous rule of thumb for all bonds, notes, and the like issued after Dec. 31, 1954.

As pointed out, it has been the rule that it is advantageous to buy taxable bonds at a discount rather

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 41.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

City Investing Company — G. M. Loeb, Partner, E. F. Hutton & Co., New York City. (Page 2)

TelAutograph Corporation—Louis Strick, Security Analyst, New York City. (Page 2)

G. M. LOEB*

Partner, E. F. Hutton & Co., New York City

City Investing Company

It is an unusual person who has only one security he likes best. Most people have far too many favorites. I lean toward a minimum number and favor market leaders. In December I wrote about New York Central as the stock I like best, as my overwhelming choice for six months' capital gain prospects.

G. M. Loeb

If New York Central is the main course, what about a good appetizer or dessert? There are a great many investors who favor less active special situations. An unusual opportunity of this type is City Investing, traded on the New York Stock Exchange at about $17 per share.

City Investing gives its shareowners a stake in real estate and in entertainment, both at a discount. Both with competent ownership-management. No individual stockholder of City Investing owns as many shares as the 300,000 owned by the Dowlings who founded and managed the business. This is almost one-quarter of the outstanding common shares. Several directors are also substantial stockholders.

Real estate is generally one of the first investments of the average man with money to invest. He feels it is safe to buy something down the street that he can pass on his way to work every morning and feel sure it's still there. However, actually, realty is a very complex and hazardous business. The big fortunes in real estate have been made by the big operators who know what they are about and not tyros who make one or two transactions in a lifetime. Buying City Investing, in a way, is like buying a good security investment trust, only the emphasis is on realty and entertainment instead of stocks and bonds.

The actual value of City Investing's holdings is not published but can be estimated at possibly twice the current market price. The book value, like the market value, is substantially understated at $15.

The policy of the management is directed primarily at security capital gain with net operating income relatively incidental. Included in its portfolio on April 30, 1954, were something like $20 million of mortgages held as assets. These mortgages represent in the main, purchase money mortgages acquired mostly through the sale of office buildings formerly owned by City Investing. With office building construction in Manhattan at what seems excessive and boomtime levels and apparently resembling the over-building of hotels and apartments in the 1929 era, City Investing has been cashing in its profits from this type of holding. Something like $10 million unrealized capital gain are represented in these mortgages and will be realized and taken into the income account as they can be refinanced.

City Investing earnings have fluctuated widely over the years, as would be expected from a company that depends more on capital gain than on regular sources of income for its profits. On the basis of the present capitalization the highest year was 1952 when $3.57 a share was earned. Cash dividends have been small. However, in 1944 the stocks were split two for one, and in 1946 six for one. During 1954 dividends were declared in May and August totaling 10c a share cash, 20c a share in stock and a common stock dividend of 1 share for each 100 shares.

The stock made a high, adjusted for capitalization changes, of 22 in 1946. Recently it has sold at 17 following gradual improvement from about the $10 level.

City Investing has made an investment in Knickerbocker Investing Corp., organized by Mr. L. Boyd Hatch, one of their directors and formerly for many years Executive Vice-President of Atlas Corp. Knickerbocker has acquired extensive holdings of certain western lands for the development of mineral (chiefly uranium) and other natural resources.

The company's most interesting new investment is Sterling Forest, a unique 27-square mile tract of 17,000 acres less than 30 miles from the George Washington Bridge and adjacent to the New York Thruway. The company's planning here is very thorough and includes surveys to chart the location and future growth of areas best suited for residential, research laboratory, commercial and other appropriate uses as well as the possible development of mineral resources. The cost of this property was about $50 per acre and potentially can return millions in capital gains over the years to come. Encouraging new headway has been made in the exploitation of its non-real estate assets.

In the entertainment field the company is interested in several theatres in New York City and in the production of three motion pictures.

The latest news on City Investing is the acquisition of the Wilson Line which operates charter and excursion vessels in five eastern ports. This has been bought for cash. The purchase price has not been made public but the book value of the line is about $1,800,000.

City Investing stock marketwise is a real "sleeper" and, as its merits are recognized, should show above-average appreciation to those who prefer relatively inactive special situations.

*Mr. G. M. Loeb is the author of "The Battle for Investment Survival," best-selling "do-it-yourself" book on how to make profits in the stock market, now in its 8th printing.

LOUIS STRICK

Security Analyst, New York City

TelAutograph Corporation

Streamlining operations, avoiding delays, cutting costs — these and other cherished business goals are being made possible through the control afforded by TelAutograph communications systems which are steadily finding their way into more and more of America's most important plants, warehouses, institutions and offices.

TelAutograph's telescriber is a communication instrument which instantly transmits messages in the sender's own handwriting, from one point to one or more remotely located stations, up to distances of 12 miles. They find employment in any operation irrespective of size, wherever there is a need for instant, frequent, accurate written contact between departments, buildings, etc.

Telescriber operation is simple. Messages are written with a stylus on a metal plate. The sender sees it reproduced on a role of paper. At the same instant, the message is identically reproduced at receiving stations selected for reception by the sender. Business forms may be used on the telescriber. The "Instan-Form" telescriber is available where instant communication on specific business forms is required.

Telescribers have been in use for well over a half century. For most of that time, they were employed principally by banks, hotels, race tracks and railroad stations. Their large scale acceptance by industrial and commercial enterprises is a relatively recent phenomenon induced by the increasing size and complexity of modern plants and offices. Industrial applications for TelAutograph equipment include production control, materials handling, quality control, maintenance, job cost and accounting, transportation control, central filing, sales order, announcing and work in progress control. In short, TelAutograph has come of age and almost every phase of production and related accounting may be controlled and coordinated in whole or in part by TelAutograph communications systems.

The recent experience of Northrup Aircraft illustrates the great possibilities of TelAutograph in industrial applications. Northrup, not too long ago, installed TelAutograph sending and receiving stations at 37 outlying areas in its Hawthorne, Calif., plant to transmit to eight receivers at a central control point. Northrup believes that the instantaneous hand-written messages will speed reporting of machine breakdowns, material shortages and other occurrences that result in production delays. The new system eliminates the need for telephone service in reporting delay-causing problems. All information is sent directly to the central control point where it is transferred to master records, after which remedial steps can then be taken. Northrup estimates telescriber coordination will produce savings of up to $175,000 a year.

Raytheon is another relatively new telescriber user. In its TV and Radio division in Chicago, telescriber equipment is used to automatically record in a single operation incoming material reports on six receiving units located in various parts of the plant. With little more than a flick of the wrist, six departments are able to go into action on a particular problem at one time. In addition to the great improvement in efficiency, Raytheon estimates that this simple installation will produce savings of over $35,000 a year.

As a communications device, the telescriber owes its unique utility to the fact that it alone delivers a message while it is being written. It is not a facsimile device and does not com-

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A Year-End Review and Forecast

By HON. SINCLAIR WEEKS
Secretary of Commerce

Secretary Weeks, after reviewing economic developments in 1954, points to following items as indicating a favorable outlook for the current year: (1) advancing industrial production; (2) rising employment; (3) a combined high rate of outlays for plant and equipment; and (4) a rising scale of residential construction. Adds to these the accelerated population growth and a record high of disposable personal income.

The outlook is very good. 1955 should be an even better year for the American people than 1954—a new year of greater opportunities to increase prosperity and to advance peace.

Sinclair Weeks

Known facts justify temperate optimism. The state of the economy, the foreseeable outlook, sound, progressive leadership by government and strong public confidence are among the reasons why I believe we shall have a moderate upswing in business activity to be reflected in high overall employment and a rise in the standard of living.

The prospect is more promising than a year ago. Then, after an all-time record prosperity, the economy had started to slip. Anxiety spread. Some voices predicted depression.

Today the reverse is true. The economy is moving forward and expectations are bright.

The experience of the past 12 months demonstrates that our competitive enterprise economy—stimulated by the policies and actions of President Eisenhower and the Congress—has made a successful adjustment from war to peace and is gathering steam for steady growth in the years directly ahead.

Let our New Year's resolution be to count our blessings and to use our material and spiritual resources for still greater progress in individual wellbeing.

1954 Year-End Review of the Economic Situation

No one who pauses to review the achievements of our national economy can fail to be impressed by the great volume of this nation's production and its vast human and material resources.

The past year was one of high and relatively stable business activity, although the aggregate fell short of the 1953 peak. Our free economy was able to absorb large adjustments in the pattern of demand without a wide swing in the income of the public.

The year 1954 opened with the contraction in activity from the 1953 highs still in progress; this movement had originated with the cutback in defense spending and in investment in inventories.

The downward movement came to a halt in the opening months of 1954. During the second and third quarters there was little change in the aggregate as divergent trends in various industries were largely offsetting. In the final quarter, output in the durable goods industries, paced by a sharp advance in the automobile and related industries, was moving up again, and total production and employment improved.

Personal income at $286 billion in 1954 equaled that in the preceding year of peak activity. Disposable income — that remaining after the payment of personal taxes—was the highest on record, as a result of the reduction in personal income taxes that coincided with the reduction in government expenditures.

Throughout the year, confidence was manifested by the steady ... in consumer buying and the sustained high rate of private fixed investment.

Total production in 1954 was a little lower than in 1953. The Gross National Product, which measures the market value of all goods and services produced, amounted to $356 billion in 1954, about 2% less than the year before, but 3% above 1952.

Production for Private Market Level; Federal Purchases Lower

Aggregate production for private markets was about the same as in 1953, since the contraction from the previous year in the total national product was almost matched by a cut of about one-sixth in Federal purchases of goods and services below the 1953 amount.

Federal purchases in 1954 totaled $50 billion compared with $60 billion in 1953; approximately $8 billion of the shrinkage occurred in national security purchases and roughly $2 billion in the cost of nonsecurity operations. The contraction in national security expenditures was largely concentrated in military hard goods and had an important impact upon the industries manufacturing durable goods.

The cutback in Federal spending permitted a reduction in tax rates amounting to $7½ billion a year, which was an important influence in supporting consumer and business demand. Purchases of goods and services (excluding governments) aggregated $279 billion in 1954, only $1 billion less than the peak volume of the preceding year.

There were, however, substantial changes in the composition of private buying which had considerable effect on the economy. One was the sharp switch from accumulation to liquidation of business inventories. Another was the decline in business and consumer purchases of durable goods. Counter-balancing these were steady gains in consumer demand for

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Canadian Uranium—Prospects And Production for 1955

By IRA U. COBLEIGH
Enterprise Economist

A survey of certain companies North of the Border, that are moving out of the promotion or exploration stage, and gaining in corporate stature and investment prestige.

Over half of all the stock issues underwritten in the United States in 1954 were uranium shares; and the percentage would, no doubt, run equally high in Canada. This is a bit startling, particularly since so many of the individual offerings were penny promotions studiously eschewed, or viewed with alarm by, in most cases, the larger and older underwriting houses and Exchange members.

Ira U. Cobleigh

Our theme today, however, is neither to condemn nor praise this spate of new and highly speculative long shot financing following, in many instances at breath taking pace, after the optimistic clacking of geiger counters or scintillometers on some hopeful mesa or moose pasture. No, today we propose a salute to the companies that have made it; companies whose ore bodies have now been so well delineated, and whose production potential is now sufficiently calculable, that senior financing has been not only possible but highly successful.

As we see it, 1955 will be the year to separate the sheep from the goats in the uranium field. Many of the bright promises, in certificate form, where the corporate equity represented little more than a few claims on presumably radioactive acreage plus a wheelbarrow or two — these entities, overcapitalized and under-managed, I say, will many of them bite the dust this year or merge for survival. Others, however, blessed by better technical brains, big and solid financial backing, and really large scale spreads of proven ore bodies, will move on from fine prospects to production, profits, and prestige. Among such enterprises today are Gunnar and Pronto. We'll talk about them for a moment.

Gunnar Mines Ltd.

Gunnar started its corporate life way back on Oct. 7, 1933 as Gunnar Gold Mines Ltd., but on March 10, 1954, the name was shortened to Gunnar Mines Ltd. This property, under the aegis of Mr. Gilbert LaBine has progressed from being just another gold mine, to one of the leading uranium producers in Canada; and it has a contract with Eldorado Mining and Refining, Ltd. for delivery of $76,950,000 worth of uranium concentrates between Oct. 1, 1955 and Oct. 1, 1960 (Eldorado is owned by the Canadian Government and is the official uranium ore buyer agency for Canada).

Obviously Gunnar has now moved far away from the prospector stage; in fact it has attained such stature that on July 19, 1954 it floated throught a distinguished syndicate of Canadian investment bankers, $19,500,000 of 5% debentures due 1960, with stock purchase warrants attached pertaining to 780,000 common shares, which may be subscribed to under the terms and conditions set forth in prospectus (to which you are referred for complete details).

Well what about this debenture, the first big one of a strickly uranium property? It has, as basic security, ore reserves in the Beaverlodge area (Northwest corner of Saskatchewan) now estimated at above $125 million. It has a mill in progress of construction with initial capacity of 1,250 tons per day (expected to be ready before October, 1955); and plans open pit mining for first two years; then underground as well as open pit.

About earnings, a projection of funds available for interest payment for Gunnar (pure estimate of course) would be around $4 million for 1956, and increasing to $8 million for 1957 and 1958. On this basis, interest of $975,000 per annum on this 5% issue would appear hansomely covered and give bondholders a holding possessed of considerable investment merit. The Gunnar 5s now sell in the market at 114 reflecting the call at $10 on Gunnar common which is selling in Toronto at $11.50. For those wishing to avoid the pitfalls of great speculative risk, and at the same time glean interest income and a healthy cut at capital gains, Gunnar 5s look attractive.

Pronto Uranium Mines Ltd.

Our second example of a company gaining sufficient solidity to warrant the issuance of senior securities, is Pronto Uranium Mines Ltd., one of the distinguished mining enterprises being shepherded to impressive magnitude by Mr. Joseph H. Hirshhorn.

The bond issue here is $6 million of 5s, protected by ore reserves estimated at $63 million (after 12½% dilution and 10% tailings loss); and a contract for delivery of uranium concentrates totaling $55 million for the period Jan. 1, 1956 to Dec. 31, 1960. Progress report here would include the current sinking of a 575-foot shaft, and the building of a mill with 1,000 tons daily capacity (to be increased to 1,500 tons later, by additional expenditure of $350,000). Both mill and shaft are expected to be ready for production by September of this year.

Interest on this issue would require but $300,000 against indicated available revenues for 1956 of $2,500,000; and over $4 million for 1957. Pronto 5s sell at 109, and carry a call on common at $5 through 1956.

It has for decades been fashionable among analysts to compare the relative merits of railway, utility and industrial bonds. Until now such procedure has been impossible among uranium companies for the simple reason that there have been no bonds to compare. If, however, you go back to the above paragraphs you may reach the opinion, by comparisons, that the Pronto bonds are, dollar for dollar, somewhat more solidly buttressed by ore reserves, contract income, and mill capacity. Further, there are those who feel that Blind River (where Pronto is) is a more promising long range area than Beaverlodge.

Algom Equally Interesting

Following along the theme of major financing, Algom, even larger at Blind River than Pronto (but under the same successful Hirshhorn management), is reported contemplating a new security issue; and Algom, too, will be swinging into large scale production this year. Your equity entry here may be by direct purchase of Algom common around 11 or purchase of **Preston East Dome Mine Ltd.** shares around 6, since Preston has in portfolio 40% of the Algom common.

The burden of this piece has been to show that certain uranium companies have matured and attained many elements of investment status; and their bonds offer a more sheltered approach to nuclear investment.

Continental and Stancan

For those of you still avid for entry into uranium at an earlier phase, in companies graced by good financial backing, managerial competence and realty claims in radioactive regions, may I suggest your prospectus perusal of **Continental Uranium** and **Stancan Uranium.**

Continental is an actual producer in the Colorado Plateau, its recent share underwriting was most successful, and its shares the first U. S. uranium ones to be listed on the American Stock Exchange.

Stancan Uranium shares were underwritten last month, and the features revealed in the prospectus include the largest land, claim coverage in fabulous Blind River (over 600 claims — a Canadian claim is around 50 acres). Stancan properties checker-board a wide area nearby, and in some instances adjoining, proven ore acreage of Pronto, Algom, Consolidated, Denison, Buckles and others. Further, Stancan, while still in the development stage, does offer a most interesting land spread and has a board of direc-

tors of unusual eminence and prestige, including Dr. John R. Dunning (Dean of Engineering at Columbia) and renowned atomic authority, as director and Chairman of the Executive Committee; Dr. Nelson Steenland, famous geophysicist of Houston as President. Directors also include Mr. Joseph W. Frazer, Mr. John A. Roosevelt and Mr. V. V. Jacomini and Mr. Richard H. Parker, distinguished Houston industrialists.

There can be no doubt that 1955 will be a big uranium year. With a major part of our vital ore still coming from overseas, we need big production on our continent. Some of the companies mentioned today are heading for big production, and e n l a r g e d vistas of profitability.

N. Y. Inst. of Finance Spring Courses 1955

The New York Institute of Finance, 37 Wall Street, New York City, has announced that its spring term will begin Feb. 7. Courses in Brokerage procedure will be given with John H. Schwieger, New York Stock Exchange, A. P. Morris, Estabrook & Co., George W. Elwell, Francis I. du Pont & Co., Irwin A. Brodsky, J. & W. Seligman & Co., Paul C. Fitzgerald, Hirsch & Co., as instructors.

Basic business courses will be conducted by Melvin G. Ott, Robert Winthrop & Co., Franc M. Ricciardi, American Management Association, and Irwin A. Brodsky, J. & W. Seligman & Co.

Investment analysis courses will be conducted by Albert P. Squier, director of the institute, Nicholas E. Crane, Dean Witter & Co., J. M. Galanis, R. L. Day & Co., Charles McGolrick, J. J. Harris & Co., Jerome B. Skalka, Carl M. Loeb, Rhoades & Co., Stephen M. Jaquith, Model, Roland & Stone, Louis H. Whitehead, Cosgrove, Miller & Whitehead, Pierre R. Bretey, Hayden, Stone & Co., Herbert F. Wyeth, Shearson, Hammill & Co., William F. Boericke, Hayden, Stone & Co., Walter K. Gutman, Goodbody & Co., S. Logan Stirling, Eastman, Dillon & Co., W. Sturgis Macomber, Reynolds & Co., Malcolm D. Brown, R. W. Pressprich & Co., and Victor L. Lea, Paine, Webber, Jackson & Curtis.

Brush, Slocumb Co. Appointments

SAN FRANCISCO, Calif. — Gerald Brush has been elected to the board of directors of Brush, Slocumb & Co., Inc., 1 Montgomery Street, members of the San Francisco Stock Exchange. Edwin Callan has been promoted to sales manager. Both have been with the firm for the past 10 years.

Harriman Consultant For J. R. Williston

John W. Harriman, Professor of Finance at New York University's Graduate School of Business Administration, has become associated with J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, as consultant in the firm's research department.

L. F. Howard V.-P. Of Gen. Am. Investors

Leonard F. Howard has been elected a Vice-President of General American Investors Company, Inc., 44 Wall Street, New York City.

Mr. Howard, who retains the position of Secretary, has been with the Company seven years, and was formerly Financial News Editor of "Journal of Commerce."

Observations . . .

By A. WILFRED MAY

"THE" RECORD BULL MARKET— A QUIZZICAL LOOK

	1946-1953 Low	1946-1953 High	1954 Close	Advance Above 1946-1953 High at 1954 Close
Dow-Jones Industrial Average	160	294	404	38%
S. & P.'s Composite of 450 Stocks	111	199	273	37%

* * * * *

Some Issues Paired According to Industry	High 1946-1953	1954 Close	PERCENT Decline or Advance from '46-53 High at 1954 Close
American Smelting and Refining	53	45	down 15%
American Metal Products Co.	29	46	up 58
Amerada Petroleum	235	227	down 4
Socony-Vacuum	40	54	up 35
American Cyanamid	65	55	down 17
Rohm & Haas Co.	144	266	up 85
Schenley Industries, Inc.	80	24	down 70
Walker (Hiram) G. & W.	56	72	up 28
Underwood Corporation	80	38	down 53
International Business Machines	198	362	up 83
Kresge (S. S.) Co.	45	31	down 32
Food Fair	25	48	up 92
Hecht Co.	51	28	down 45
Federated Department Stores	48	56	up 17
Cluett, Peabody & Co.	60	41	down 31
Phillips Jones Corporation	29	39	up 34
Pennsylvania Railroad Co.	47	24	down 47
Union Pacific Railroad Co.	121	153	up 26
Burlington Mills Corporation	26	17	down 34
Lowenstein (M.) & Sons	19	27	up 42
Emerson Radio & Phonograph	18	14	down 23
Philco Corporation	34	39	up 15
Blaw-Knox Company	30	26	down 20
Bethlehem Steel Corporation	60	109	up 83
Glen Alden Coal	25	12	down 52
Pittsburgh Consolidation Coal	62	75	up 21
Celanese Corporation of America	58	26	down 58
Rayonier, Inc.	37	60	up 61
Chrysler Corporation	98	71	down 38
General Motors Corporation	69	98	up 43

ET CETERA

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

There was a slight decrease in total industrial production for the country as a whole in the period ended on Wednesday of last week. Compared with the corresponding week in 1953 it was higher by slightly more than 3%.

Reports on claims for unemployment insurance benefits were encouraging. Continued claims in the week ended Dec. 11 were unchanged from the previous week, although 17% above a year ago. This yearly increase was much less than during most of 1954. Some states reported a rise in unemployment due to curtailed outdoor work, but other areas reported less unemployment, as a result of recalls to work and extra hiring for retail trade. Initial claims in the week ended Dec. 18 were 3% lower than in the preceding week and 10% below the comparable period of last year. Fewer layoffs in food processing and the manufacture of textiles and apparel accounted for the decline.

Consumers increased their installment purchasing by \$62,000,000 during November reports the Federal Reserve Board. It noted, however, that the increase was far less than the \$141,000,000 rise registered in November, 1953 and the \$350,000,000 boost in the similar month of 1952.

Reserve Board officials labeled the comparatively small rise in November "somewhat surprising" in view of reported healthy sales of new automobiles. They conceded November might have been too early to register the impact of increased car buying, and predicted a "substantial" boost in instalment credit figures for December. The board's report noted automobile instalment paper outstanding actually decreased by \$44,000,000 during November.

Robust health of the steel market is apparent this week from a check of producing mills by "The Iron Age," national metalworking weekly. The industry is starting the new year with a bang and it seems likely that 1955 production will rise to about 100 to 105 million tons of ingots, compared with 88.3 million tons produced in 1954, a year which most people considered pretty good.

Steelmaking operations this week are scheduled at about 81.0% of rated capacity, a gain of 3.5 points from last week. A sharp rise in production after the holidays had been anticipated.

Production is expected to rise still higher during the first quarter. Within the next few weeks the ingot rate may exceed

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Progress and Prospect In Tax Policy

By J. CAMERON THOMSON*

President, Northwest Bancorporation, Minneapolis, Minn.
Chairman, Fiscal, Monetary, and Debt Committee, C. E. D.

In explaining the meaning of the slogan, "Taxes are too high," Mr. Thomson points out the detrimental effects of taxes on economic growth. Outlines tax program of the Committee for Economic Development and discusses advances made in creating a better tax structure. Calls attention to tax studies now under way at the Treasury Department, and concludes responsible solution of tax problems rests ultimately on an alert and informed public.

It is a novelty not to have to start a speech about taxes by wondering when something is going to be done about them.


J. C. Thomson

In the past year, something has been done about taxes. A start has been made in reforming and equalizing the tangle of laws that make up our Federal Tax Code, the first major tax reform in 30 years. Yes, and taxes have been reduced some $7.4 billion on an annual basis.

A start has been made; and, I think, it has been a good start. We in the Committee for Economic Development have been studying and recommending changes in our tax policies for more than 10 years now. You can imagine how pleased we were to read Secretary Humphrey's words in a recent "Saturday Evening Post" article where he said:

"As long ago as 1947, the Committee for Economic Development, in a farsighted tax study, recommended many of the objectives which now have been achieved."

This isn't to say that we believe, any more than Secretary Humphrey is likely to believe, that the Internal Revenue Code of 1954 takes taxes out of the area of pressing problems. We have, after a generation of waiting, begun to make progress. Let us hope that we don't have to wait another generation before registering any further improvements in these problems!

Still it's good to be able to talk about taxes in terms of "Where do we go from here?" instead of in terms of "When do we start facing up to the problem?"

I want to explore with you today the progress we have made in the past year and how much further we have to go to meet some of our generally accepted objectives. (Since I have been intimately involved in CED's work on fiscal, monetary, and debt management policies, I am using CED's recommendations and definitions as a guide for my comments.) Finally, I want to look ahead a bit to see what the prospects are for making more progress in fiscal 1956.

But first I want to go back and point out what it is that keeps us pressing for reforms in our tax system. It isn't just that we don't like paying taxes, although nobody enjoys paying taxes. The aim of reducing the tax burden—or of arranging the burden in a different way—is a competitive idea that is fighting for priority in public policy alongside hundreds of other important policy considerations. Therefore, we have to be very explicit about what we are after and why when we talk about changes in tax policy.

*An address by Mr. Thomson before the Seventh National Credit Conference sponsored by the American Bankers Association, Chicago, Ill., Dec. 17, 1954.

What Do We Mean When We Say: "Taxes Are Too High?"

When we say, "Taxes are too high," do we mean that the government is raising too much tax revenue for its projected expenditures and for debt reduction when that is feasible? Do we mean the government should operate on a larger deficit or on less of a surplus?

With a projected $2 billion deficit in the Federal cash budget for fiscal 1955, and in the absence of a serious recession, I don't think we can say government is today raising too much in taxes to pay for the spending in which it is engaged.

But maybe the government is doing too much spending. Maybe taxes are too high because the services of government aren't worth what we now have to pay for them. If government spent a little less and the taxpayer spent a little more, each of us might be getting more from his dollar than he is getting now.

I'd feel a lot better if the 60 million American taxpayers had more to say about what they did with their money and the government had less to say. I believe the present balance in tax policy should be redressed in favor of the 60 million individual taxpayers.

But I wonder in these days if we can look to large and immediate cuts in government expenditures to bring us substantial tax relief. Almost two-thirds of the Federal budget this year is tied up in matters directly affecting our national defense. On top of that, we have a lot of fixed or nearly fixed expenditures, such as interest on the debt, veterans' benefits, and social security benefits. The Budget Bureau estimated that $15 billion in this year's budget falls into this category. All these expenditures are formidable obstacles to any substantial reduction in government spending in the near future.

I for one believe we should wage an unrelenting war against waste and unnecessary spending in government. I believe our reward will be tax relief, perhaps substantial tax relief over a period of time. I'll have more to say about this later. But as of Dec. 17, 1954, I don't think we can safely slash the Federal budget quickly, to the point where we can make further major tax cuts and still follow a responsible fiscal policy.

Are we, then, just complaining of our ill luck at having lived at the mid-point in the 20th Century when we say "Taxes are too high?" I think not. We mean that we have definite ideas as to why and what we want to reduce first, when and as changes become possible in the total level of taxes. As bankers and businessmen, we naturally feel a good deal of responsibility for the health of our private economy. More and more, we have found that our working days are cluttered up and our decisions are colored by considerations of taxes. When we start thinking about where this will all lead to, we very often cry out, "Taxes are too high!"

Taxes and Economic Growth

When we in CED start thinking about taxes, we invariably ask ourselves, "How will the prolonged weight of the present tax burden affect economic growth?" I don't need to belabor you about the importance of economic growth to our security and to our national wellbeing. Growth is the main continuing source of our great strength and of our high standard of living.

Growth, of course, enables us to pay taxes more easily. Obviously, if we can increase our Gross National Product by $40 billion over four years—that's not a very sensational target—we will be able to raise our present tax revenues with lower tax rates.

The rate of growth in the economy is greatly affected by the way in which the tax burden is distributed. Because this is so, we in banking and business are in a position to make a very persuasive plea for some reform in our tax system.

It is in the higher tax brackets that we think the present tax system collides most directly with the demands of economic growth. In the higher brackets, taxes absorb income that would otherwise have been saved and made available for investment in new productive enterprises. If growth is our objective, new productive ventures are our number-one continuing need. New ventures mean new jobs, new ideas, new products, new and more vigorous competition.

New ventures more often than not mean riskier ventures, of course. This fact reenforces our uneasiness over those features of the tax system which collide with the demands of economic growth. Present tax rates in the higher brackets, coupled with limited deductibility of losses, tend to reduce the attractiveness of risky investments as compared with safer investments.

I don't want to exaggerate these effects. CED does not maintain that continuation of the tax rates we've had in the recent past would bring economic progress to a halt. But to us it seems undeniable that continuation of these rates involes, as a minimum, a risk of seriously retarding the rate of economic growth. This is particularly true if we are to grow without the evil stimulant of inflation.

I don't mean to say that we should judge our tax system exclusively by how it contributes to economic growth. There are many other standards: directness; simplicity; and, of vital importance, of course, fairness. Fairness means that within limits taxes should be related to ability to pay. Fairness means that taxes on the very poor should be minimized.

Only the most reckless of people are dogmatic when comparing tax reforms to stimulate economic growth with tax reforms to relieve the burden on the lower and middle income groups. This is no all-or-nothing choice. We want some of both. The question is one of emphasis.

Since the end of the war, CED has emphasized stimulating growth in proposing tax changes for three basic reasons:

(1) The dangers loose in the world today make rapid growth of American productivity essential as a reserve for possible mobilization.

(2) The nation has already gone a very long way in reducing inequality in the distribution of income, in large part as a result of the growth of the progressive income tax.

(3) We believe that the vast majority of the population has much more to gain in improved living standards from rapid growth in productivity than from any feasible shifting in tax burdens.

Economic growth will always depend in large measure on the character of our tax system—the ways in which it affects investment, innovation, and effort. When business decisions are heavily influenced by the desire to

Continued on page 32

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Map and Glossary—Literature—Atomic Development Securities Company, 1033 Thirtieth Street, N. W., Washington 7, D. C.

Canadian Letter—Fortnightly review of the Canadian Securities Market—Newling & Co., 21 West 44th Street, New York 36, N. Y.

Chemical Fertilizer Industry—Analysis in "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-chome, Nihonbashi, Tori, Chuo-ku, Tokyo, Japan.

Domestic Airline Industry—Financial study, with special reference to **American Airlines, Inc.** and **Capital Airlines, Inc.**—$2.00 per copy—Henry Beecken & Associates, 1333 G Street, N. W. Washington, D. C.

Facts and Figures in Review—Comparisons of research yardsticks 1954 vs. 1953 — in current issue of "Gleanings" — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Fifty Growth Stocks for the 1950's—Bulletin—T. Rowe Price & Associates, Inc., Mathieson Building, Baltimore 2, Md.

Foreign Investment Through the Japanese Stock Market—Tabulation in weekly stock bulletin—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

French Revolution Inflation—Lesson of Irredeemable Currency—one copy, 25c; 10 copies, $2.00; 50 copies, $7.50; 100 copies, $10.00—Frederick G. Shull, 2009 Chapel Street, New Haven 15, Conn.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Neglected Blue Chips—The New York City Bank Stocks—Bulletin, Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **National Steel Corporation.**

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Philadelphia Bank Stocks—Comparison of 11 largest Philadelphia Banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Public Utility Common Stocks—Tabulation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Railroad Outlook for 1955—Bulletin—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Uranium Directory—Gives name of company, capitalization, when incorporated, and in what state—$10.00 per copy—Claudia H. Smith, Public Stenographer, c/o Hotel Utah, Salt Lake City, Utah.

Year-End Survey—For 1954—Halsey, Stuart & Co. Inc., 35 Wall Street, New York 5, N. Y.

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Anglo Canadian Oil Company Ltd.—Analysis—Nesbitt, Thomson & Company, Ltd., 355 St. James St., W., Montreal, Canada.

Beatrice Food Co. — Memorandum — J. A. Hogle & Co., 50 Broadway, New York 4, N. Y.

Bowater Paper Corp. Ltd.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

British Petroleum Company, Ltd.—Analysis—American Securities Corporation, 25 Broad Street, New York 4, N. Y.

L. E. Carpenter & Company Inc.—Analysis—Boenning & Co., 1529 Walnut Street, Philadelphia 3, Pa.

Consolidated Freightways, Inc. — Analysis — First California Company, Inc., 300 Montgomery Street, San Francisco 20, California. Also available is an analysis of **Southern California Water Company.**

Delhi Oil Corp.—Memorandum—Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif.

Delta Air Lines Inc.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.—$2.00.

Doeskin Products, Inc.—Bulletin—Birnbaum & Co., 60 Broad Street, New York 4, N. Y. Also available is a bulletin on **Citizens Utilities Co.**

Foremost Dairies Inc.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Four Corners Uranium Corp.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Harnischfeger Corp.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y.

International Harvester—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Masonite Corporation — Analysis — Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

New England Electric System — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

Nuclear Instrument & Chemical Corporation—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on the **Oilgear Company.**

Pubco Development Inc.—Memorandum—Hodgdon & Co., 10 State Street, Boston 9, Mass.

Rockland Light & Power Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Saco Lowell Shops—Memorandum—May & Gannon, Inc., 161 Devonshire Street, Boston 10, Mass.

Union Chemical & Materials Corp.—Analysis—Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

United Biscuit Co.—Memorandum—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

NSTA Notes

GEORGIA SECURITY DEALERS ASSOCIATION

The Georgia Security Dealers Association has elected the following new officers for 1955:

Left to right: Roy W. Hancock, President; Justus C. Martin, Jr., Secretary-Treasurer; and James B. Dean, Vice-President.

Roy W. Hancock, Hancock, Blackstock & Co., Atlanta, President, succeeding J. W. Means, Courts & Co.; James B. Dean, J. W. Tindall & Co., Vice-President; and Justus C. Martin, Jr., Robinson-Humphrey & Co., Secretary-Treasurer.

Wayne Martin, Clement A. Evans & Co., Jackson P. Dick, Jr., Beer & Co., Barnard Murphy, Jr., Norris & Hirshberg, Inc., and Robert M. Bray, Jr., Trust Company of Georgia, were named to the Executive Committee.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York Inc. (STANY) Bowling League standing as of Dec. 30, 1954 is as follows:

Team:	Points
Leone (Capt.), Nieman, O'Mara, Forbes, Greenberg, Murphy	39
Donadio (Capt.), Hunter, Fredericks, Demaye, Saiias, Kelly	39
Bean (Capt.), Meyer, Bies, Pollack, Leinhardt, Weiler	39
Mewing (Capt.), Define, Gavin, Montanye, Bradley, Huff	38½
Barker (Capt.), Brown, Corby, Weseman, Whiting, Fitzpatrick	37½
Manson (Capt.), Jacobs, Siegel, Topol, Frankel, Tisch	37
Kaiser (Capt.), Hunt, Werkmeister, Kullman, McGovan, O'Connor	36
Growney (Capt.), Alexander, Eiger, Valentine, Burian, Craig	33
Serlen (Capt.), Rogers, Krumholz, Wechsler, Gersten, Gold	28½
Meyer (Capt.), Murphy, Frankel, Swenson, Dawson Smith, Kuehner	28
Krisam (Capt.), Clemence, Gronick, Stevenson, Weissman, McCloud	19½
Klein (Capt.) Rappa, Farrell, Voccolli, Strauss, Cohen	18

200 Point Club

Hank Serlen	211
Joe Donadio	211

5 Point Club

Roy Klein
Charlie Kaiser
Jack Barker

COMING EVENTS

In Investment Field

Jan. 14, 1955 (Philadelphia, Pa.)
Philadelphia Securities Association annual meeting and election of officers.

Jan. 14, 1955 (New York, N. Y.)
Bond Club of New York dinner at the Starlight Roof, Waldorf-Astoria.

Jan. 17, 1955 (Philadelphia, Pa.)
Investment Women's Club of Philadelphia 25th anniversary dinner in the Mirage Room of the Barclay Hotel.

Jan. 24, 1955 (Chicago, Ill.)
Bond Traders Club of Chicago annual winter dinner at the Furniture Club.

Jan. 28, 1955 (Baltimore, Md.)
Baltimore Security Traders Association annual Mid-Winter Dinner at the Lord Baltimore Hotel.

Feb. 25, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner at the Benjamin Franklin Hotel.

Mar. 11, 1955 (New York, N. Y.)
New York Security Dealers Association 29th Annual Dinner at the Biltmore Hotel.

April 24-27, 1955 (Houston, Tex.)
Texas Group Investment Bankers Association spring meeting at the Shamrock Hotel.

May 8-10, 1955 (New York City)
National Federation of Financial Analysts Societies at the Hotel Commodore.

May 18-21, 1955 (White Sulphur Springs)
Investment Bankers Association Spring meeting of Board of Governors.

Sept. 11-14, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

Sept. 16-17 (Chicago, Ill.)
Investment Bankers Association Fall meeting of Board of Governors.

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)
Investment Bankers Association annual Convention at Hollywood Beach Hotel.

Carl M. Loeb

Carl M. Loeb, senior partner of Carl M. Loeb, Rhoades & Co. passed away Jan. 3 at the age of 79. Mr. Loeb was well known for his many philanthropic activities.

The Outlook in the Durable Goods Industry

By K. W. TIBBITTS*
Vice-President, National Credit Office, Inc.

Mr. Tibbitts reviews the situation and trends in the various sectors of the durable goods industry. Among the fields covered are: (1) household appliances; (2) automobiles; (3) electronics, and (4) airplanes. Finds as trends in the durable goods industries: (1) automatic machinery; (2) plant dispersion, and (3) mergers. Holds small producers of durable goods are at a disadvantage, and some government efforts to aid them fall short of the mark.

A review of the durable goods industries leads to the strong conviction that in 1955 there will be more new merchandise than ever before to tempt the consumer. His purchasing power remains high. It should be a fine year. The purpose of these remarks is to consider how the various segments of business are likely to respond.


K. W. Tibbitts

A number of the mergers which have occurred in this industry have been prompted by the aim of the manufacturer to place himself in a stronger competitive position. To attract the better distributors, it is necessary for the manufacturer to be in a position to offer a complete line of appliances. Increased selling and advertising expenses cannot be supported by a line comprising only two or three items.

Because of the growing list of appliances, the distributor in turn is finding it necessary to have a larger investment in merchandise and in receivables. Normal borrowing facilities frequently are insufficient to supplement the distributor's own working capital. The variety of products has created a steadier volume of business throughout all of the year, making seasonal repayment of loans more difficult.

In recognition of this circumstance, a number of the larger manufacturers have developed programs intended to assist their distributors to overcome the problem of adequate financing. These plans fall into several patterns. One in essence consists of the manufacturer's lending his credit standing to the distributor and retailer by entering into guaranteed repurchase agreements in order to establish a ready market for repossessed or excess inventory. In other instances, notes or trade acceptances are taken for rediscount.

In other instances, the manufacturer has established a subsidiary whose function is to make floor-plan loans to the distributor when the latter has utilized all other methods of borrowing available to it.

Finally, at least one manufacturer has formed a subsidiary that will purchase preferred stock of the wholesaler, to be retired from future earnings.

The availability of such financing plans is a strong selling point in attracting the distributor. Clearly, the larger manufacturers have a distinct advantage.

Prices in the past year have declined, though recently they have leveled off. But the thinner profit margins have hastened expenditures for automatic machinery and integrated plants. Again, the larger manufacturer has the advantage.

A year ago, as a result of overproduction, there were heavy stocks of almost every type of appliance. That condition has been overcome, with the exception of air-conditioning units. Buying in all lines turned sharply upward in September. Clearing out of the old merchandise enabled the manufacturers to bring out new models, lower priced, mechanically improved, and better styled. Items showing the best gains are electric ranges, clothes dryers, upright freezers, and the very popular eight-cubic-foot-refrigerator.

A more realistic attitude is being adopted toward the price structure. Realistically, it is being admitted that price maintenance agreements cannot be enforced successfully in so competitive a market. Accordingly, some manufacturers are discontinuing the practice of publishing and advertising suggested list prices, allowing the distributor and dealer to establish his own price. Many of the department stores and better grade dealers are reentering the market, adjusting their operating expenses to enable them to compete with the discount houses. Although this may ease the pricing factor for the distributor, it may create a problem for the financial institution comtemplating a floor-plan transaction.

Some of the new appliances, particularly automatic washers and dryers, require a great deal more servicing than others. Again the advantage is with the larger manufacturer, for it is much easier for the big factory to set up authorized service stations.

In 1954, there were produced approximately 1,600,000 window-type air-conditioning units. Because of the poor season, about 400,000 remained unsold. During the year, there were close to 95 concerns assemblying such units, as compared with about 75 a year earlier. It is probable that a considerable number will withdraw from the market during 1955.

Automobiles

All of the new automobile models have been introduced. No comment about them is necessary, for they speak eloquently for themselves. Although factory-quoted prices in most instances are no lower, discounts already are being offered by dealers on the new lines. Style and engineering changes are so extensive, an increase in production is looked for. There is much more likelihood the coming months will restore the traditional competitive balance among the three largest producers. The automobile purchaser will benefit through better trade-in allowances.

Much interest is expressed in the future of the independent manufacturers. The outlook is more hopeful. There is more widespread admission that their unfortunate position in the last 18 months has resulted as much from their own lack of good designs as it did from the rivalry between the two largest producers which led to lower net prices. Most of the cars made by the independents were simply not attractive to the prospective purchaser.

The mergers which have taken place are important in that they will make possible stronger dealer organizations, cost savings stemming from the use of common tooling and the combining of service and parts functions. But there is even more encouragement in the knowledge that the combined organizations are adopting better management and production methods to replace those which are antiquated. There is reason to believe in some cases that labor is aware an increase in productivity is essential if these factories are to regain profitable operations.

With more intense competition in sight, due to the resurgence of Chrysler, it is not improbable the dealer's margin will fail to improve appreciably. With emphasis on costs, the manufacturers of automobile parts are also finding it essential to improve their production methods. If dependable supplies of parts at the right prices are not available, the automobile maker is prepared to consider the possibility of fabricating in its own plants the required components. This has been particularly evident in respect to small stamped parts.

The Electronic Industry

There are many segments in this tumultuous industry. Time permits a review only of the more important divisions.

Television Receivers—The overall condition is much sounder than that of a year ago. Inventories are normal. Most of the marginal accounts have discontinued business, reducing the possibility of further distress selling. Most important of all, prices have been reduced to a point that demand has been restimulated. The lower prices have brought monthly instalment payments to a level within reach of every one. Consequently, many of the older and smaller sets are now being replaced.

The reduced prices in part reflect savings in production costs. Fourteen-tube sets are on the market, made possible by the development of new type tubes of the multipurpose variety. One does the work which heretofore required three or four separate tubes. Selenium rectifiers are replacing power transformers, representing a savings of $7 or $8 per unit. Sales for the past year will top 6 million units, and 1955 should compare favorably.

For the manufacturer, the dol-

Continued on page 26

*An address by Mr. Tibbitts before the Seventh National Credit Conference sponsored by the American Bankers Association, Chicago, Ill., Dec. 16, 1954.

NAM Reports on Retirement Security

Industrial Relations Department of the National Association of Manufacturers contends that, if nation's economy continues to expand, most Americans can provide for themselves in old age, and therefore need no government-provided social security or public assistance. Holds employment of older workers has increased at higher rate than proportion of aged in the population.

The National Association of Manufacturers contends that if the nation's economy continues to expand most Americans may be able to provide for themselves in their later years and that the need for government-provided social security and public assistance may decrease.

The NAM said that high employment and earnings, improved opportunities for savings and investment, and more job openings for older people should enable most Americans to be financially self-sufficient throughout their working lives and in retirement too.

The forecast was in a report on a continuing study of retirement security with special emphasis on the Federal social security program. A committee of industrialists made the study with the help of specialists on related technical problems.

In its 54-page report, "Retirement Security in a Free Society," the committee questioned the validity of views that older people are less secure and have fewer opportunities to be self-supporting as a result of increasing industrialization.

Actually, there are indications that the reverse may be true, the committee reported. It cited recent findings that, although the proportion of older people in the population is increasing, the employment of older workers has increased at an even more rapid rate, and noted that wider home ownership, the spread of private pension plans, and increased savings in other forms have given greater financial security to vast numbers of Americans.

On the fundamental question of whether Americans will be a "proletariat living a hand-to-mouth existence or a healthy, solvent, self-reliant people," the committee concluded:

"Given the right economic climate, most Americans will be better able to take care of themselves in the future than they ever have been before. That is, destitute old Americans stand to be the exception rather than the rule."

The committee warned that creation of the proper climate for economic expansion could be jeopardized by a social security program which discouraged individuals from working and saving, drained off capital needed for industrial growth, or put an excessive burden on the producers in the economy.

The committee also cautioned against "cutting more groups in" on the social security program on easy terms and said that benefits and contributions should reflect differences in personal earnings, that there should be clear rules of eligibility, and that the program should be self-sustaining with no intermixture of OASI funds with the general funds of government.

Because of the prospect for a "continuing and potentially revolutionary change for the better" for older members of the population, measures for dealing with old-age dependency may have a "high obsolescence factor," the group said.

In its report the committee stressed the danger that an old age security program, involving many billions of dollars, could lead to an inflation which would greatly reduce the value of benefit payments.

The group which made the study was headed by James H. Robins, President of the American Pulley Co., Philadelphia, as Chairman, with Dudley M. Mason, Personnel Research Director of the Armstrong Cork Co., Lancaster, Pa., as Associate Chairman.

Other members were Stuart F. Arnold, Assistant Manager, Industrial Relations, Union Carbide & Carbon Corp., New York; H. H. Bunchman, Treasurer, Crane Co., Chicago; William G. Caples, Vice-President, Inland Steel Co., Chicago; A. C. Conde, Executive Vice-President, Indiana Manufacturers Association, Indianapolis; C. Manton Eddy, Vice-President and Secretary, Connecticut General Life Insurance Co., Hartford.

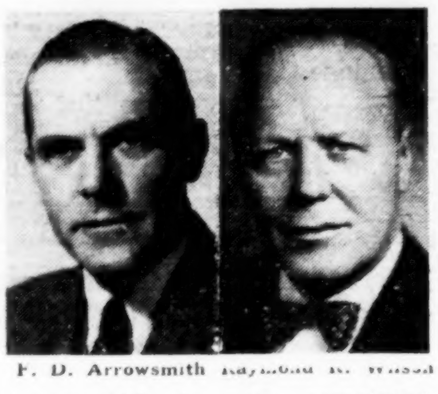
Also E. B. Gardner, Vice-President, Chase National Bank, New York; Arthur L. Grede, Vice-President, Grede Foundries, Inc., Milwaukee; A. C. Harragin, Comptroller, Lone Star Cement Corp., New York; A. D. Marshall, Vice-President, General Dynamics Corporation, New York; H. M. Meloney, Executive Secretary, Business Forms Institute, Greenwich, Conn.; Joseph A. Moore, Jr., President, Moore Dry Dock Co., Oakland, Calif.;

Also Ira Mosher, President, Ira Mosher Associates, Inc., New York; Harvey L. Spaunberg, President, Veeder - Root, Inc., Hartford, Conn.; Harry G. Waltner, Jr., Assistant Manager, Insurance and Social Security Department, Standard Oil Co. (N. J.), New York; and Jack P. Whitaker, President, Whitaker Cable Corp., North Kansas City, Mo.

H. E. Blagden, Second Vice-President and Associate Actuary of the Prudential Insurance Co. of America, Newark, N. J., served as a Consultant in the study.

Arrowsmith, Wilson With Van Alstyne, Noel

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members New York Stock Exchange, announce that F. Donald



F. D. Arrowsmith Raymond R. Wilson

Arrowsmith is now associated with the firm and will be admitted to general partnership as of Feb. 1, 1955. The firm also announces that Raymond R. Wilson is now associated with it as manager of the municipal bond department.

Mr. Arrowsmith began his business career in 1919 when he joined the bond department of the Bankers Trust Company. Ten years later he resigned as sales manager to join Wertheim & Company as manager of that firm's investment department. In 1935 he formed the firm of Arrowsmith & Company and specialized in investment counsel work. Four years later the firm name was changed to Arrowsmith, Post & Welch which was merged in 1949 with J. R. Williston & Co. Mr. Arrowsmith will continue specializing in investment counsel work in his new connection.

Mr. Wilson was municipal bond trader with Stone & Webster Securities Corporation from 1932 to 1946 when he joined Union Securities Corporation to manage the later firm's municipal bond trading. He was elected assistant vice-president in 1950.

Frederick L. Harson Forms Own Firm

Frederick L. Harson

PROVIDENCE, R. I.—Frederick L. Harson has formed F. L. Harson & Co. with offices in the Hospital Trust Building to engage in the securities business. Mr. Harson, who has been in the investment business in Providence for many years was formerly with Fraser, Phelps & Co.

Bonner, Gregory Admit Wm. H. Gregory III

Bonner & Gregory, 30 Pine St., New York City, members of the New York Stock Exchange, announce the admission of William H. Gregory, III to partnership as of Jan. 1.

From Washington Ahead of the News

By CARLISLE BARGERON

It has little or no bearing on the state of the country's well-being, but the fact is, as the new Congress assembles, that although the Democrats appear to be riding on a high wave of prosperity, they are, at heart, most dubious about the future. That is, their political future. If we must believe many of the political crystal ball gazers, all Adlai Stevenson has to do is to rest easy for a while, stay out of the limelight for fear of wearing himself out and return at the proper time and capture the Presidency in 1956. We are told that he has the Democratic Presidential nomination in the bag. It is this writer's information he thinks this is true but that he has no illusions about winning the Presidency in 1956.

Carlisle Bargeron

It is an historical fact, with exceptions, that a political party winning the off-year Congressional elections, goes on to victory in the Presidential elections two years hence. A recent exception was when Truman was reelected in 1948 after the Republicans had won the House and Senate in 1946.

This proves nothing because the Republicans had the 1948 Presidential election in the bag until Dewey threw it away. The evidence is mountain high that this is so.

Now, however, we are confronted with the picture of the Republicans having lost both houses of Congress in 1954, and according to tradition, they will lose the Presidency in 1956. Few if any worthwhile Democratic members of Congress think that of today, this would be the case.

In the first place, the outcome of the 1954 Congressional elections was freakish. Neither side won. Oh, it so happens that the Democratic elected enough members in the House to take over the Committee Chairmanships and the Speaker and majority leadership but not by any substantial margin, not by any margin to show the country prefers Democrats to Republicans. In the Senate, the fact is that if one Senator had just been known by his consitituency, if he had just taken the trouble to get around his state occasionally, the Republicans would still control.

The fact that the Democrats are thus slenderly in control of both houses means something to the politicians but little, if anything, to the people of the country. To the extent that it does mean anything it is likely to be good for the country in that very probably there will be a stalemate on new legislation or new innovations. As the late William Howard Taft who, in his Presidency, was faced with an opposition Congress, said, a stalemate in the matter of new laws is often desirable. The people have the opportunity to digest the old ones that are on the books.

One gets a kick out of the noble professions of Democratic leaders that they will work in a spirit of cooperation with President Eisenhower, that they will oppose him when he is wrong and support his when he is right. Well, you can't ask any better than that.

But the only real future for the Democrats is to elect one of their own to the Presidency in 1956. They can do this only, and they know it, and privately admit it, through the political destruction of Eisenhower. They can rave and rant about the division in the Republican party all they want. But in 1956 their candidates for the Senate and members of the House won't be able to run on the proposition that they supported the Republican President more than certain Republican members of Congress did, as many of them campaigned in 1954. They will have a Presidential candidate of their own.

So their job from now is to tear down the Republican President. The Democrats know this is their job and they know that if peace and prosperity prevails in 1956 they won't have a chance in the world.

Some of the ideas which the Democrats hope to politically destroy Eisenhower with, are downright silly. One is that the Eisenhower Administration has maligned a lot of Government employees by some firings and its claim to have got rid of a lot of subversives. Apparently two Congressional Committees are to get early to work on this. One Committee is designed to show that very able men, men whom we are told are utterly essential to the smooth functioning of our foreign and domestic affairs, have been shamefully dismissed and their reputations damaged. The other Committee hopes to show that the Administration has exaggerated in the number of subversives it claims to have got rid of. Apparently the aim of this latter Committee will be to show that the dismissals were just drunks or homosexuals rather than intentional subversives.

I doubt seriously that either Committee, in time of peace and prosperity, will make for more than passing interest to the public. The fact is, I believe, that for the next two years you are going to see a lot of frothing and political excitement in Washington without anything being fundamentally changed.

National Securities Promotes P. C. Smith

The appointment of Philip C. Smith as co-manager in the wholesale distribution of National Securities Series of mutual investment funds in the metropolitan New York area was announced by H. J. Simonson, Jr., President of National Securities & Research Corporation, 120 Broadway, New York City, managers and sponsors of the funds.


Philip C. Smith

Mr. Smith, previously manager of the profit-sharing and institutional department, has been with National Securities for two years. He formerly was associated with the law firm of Satterlee, Warfield & Stephens for five years. He attended Williams College and received his law degree from Fordham University.

In his new capacity, Mr. Smith becomes associated with Walter J. J. Smith (no relation).

$60,000,000 California Veterans' Bond Issue Placed on the Market

An underwriting group managed by Bank of America N.T. & S.A. were awarded on Jan. 5 an issue of $60 million State of California 5%, 2% and 1/4% Veterans' Bonds, Act of 1954, series F, maturing Feb. 1, 1957 to 1976, inclusive, on a bid of 100.2191. On reoffering, the bonds were priced to yield from .75% to 2.20% for the 1957 to 1975 maturities. The 1976 maturities are not being reoffered.

The bonds are authorized for the purpose of assisting California War Veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized purchase basis.

Other members of the offering group are: The National City Bank of New York; The Chase National Bank; Blyth & Co., Inc.; The First Boston Corporation; Harriman Ripley & Co.; Harris Trust and Savings Bank; R. H. Moulton & Company; American Trust Company, San Francisco; Glore, Forgan & Co.; C. J. Devine & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Merrill Lynch, Pierce, Fenner & Beane; Weeden & Co. Incorporated; The First National Bank of Portland, Oregon; Seattle-First National Bank.

Security-First National Bank of Los Angeles; Equitable Securities Corporation; Dean Witter & Co.; California Bank, Los Angeles; William R. Staats & Co.; Reynolds & Co.; J. Barth & Co.; Bache & Co.; Wertheim & Co.; A. C. Allyn and Company Incorporated; B. J. Van Ingen & Co. Inc.; Coffin & Burr Incorporated; Heller, Bruce & Co.; Barr Brothers & Co.; Hayden, Stone & Co.; A. G. Becker & Co. Incorporated; Clark, Dodge & Co.; Ira Haupt & Co.; G. H. Walker & Co.; Roosevelt & Cross Incorporated; Andrews & Wells, Inc.; Bacon, Whipple & Co.; F. S. Smithers & Co.; Trust Company of Georgia; Brown Brothers Harriman & Co.; Shearson, Hammill & Co.; E. F. Hutton & Company; Wood, Struthers & Co.; A. M. Kidder & Co.; New York Hanseatic Corporation; Fidelity Union Trust Company, Newark.

The First National Bank of Memphis; Gregory & Son Incorporated; Branch Banking & Trust Company; Kaiser & Co.; Wm. E. Pollock & Co., Inc.; Bartow Leeds & Co.; The Ohio Company; The Robinson-Humphrey Company, Inc.; Schaffer, Necker & Co.; Wachovia Bank and Trust Company; Robert Winthrop & Co.; R. D. White & Company; Fairman, Harris & Company, Inc.; The National City Bank of Cleveland; Lawson, Levy & Williams; Talmage & Co.; National Bank of Commerce of Seattle; Hayden, Miller & Co.; Folger, Nolan-W. B. Hibbs & Co. Inc.; H. M. Byllesby and Company (Incorporated); Cruttenden & Co.; William Blair & Company; McCormick & Co.; The Milwaukee Company; Burns, Corbett & Pickard, Inc.; Fulton, Reid & Co.; H. E. Work & Co.; Stone & Youngberg; Irving Lundborg & Co.; Shuman, Agnew & Co.; Field, Richards & Co.; Blunt Ellis & Simmons; Northwestern National Bank of Mineapolis.

Davis, Skaggs & Co.; A. G. Edwards & Sons; Kalman & Company, Inc.; Julien Collins & Company; Mullaney, Wells & Company; Courts & Co.; Bosworth, Sullivan & Company, Inc.; Lucas, Eisen & Waeckerle Incorporated; Anderson & Strudwick; Prescott & Co.; Ginther, Johnston & Co.; Foster & Marshall; Wurts, Dulles & Co.; Kenower, MacArthur & Co.; Boettcher and Company; Stein Bros. & Boyce; Thornton, Mohr & Farish; Dwinnell, Harkness & Hill Incorporated; Hooker & Fay; The Continental Bank and Trust Company, Salt Lake City, Utah; Brush, Slocumb & Co. Inc.; Ferris & Company; J. B. Hanauer & Co.; Janney & Co.; The Peoples National Bank, Charlottesville, Va.

Rockland-Atlas National Bank of Boston; H. V. Sattley & Co., Inc.; Scott, Horner & Mason, Inc.; J. C. Wheat & Co.; Walter Stokes & Company; Fred D. Blake & Co.; Doll & Isphording, Inc.; Seasongood & Mayer; Stubbs, Smith & Lombardo, Inc.; Wagenseller & Durst, Inc.; The Weil, Roth & Irving Co.; Stern, Frank, Meyer & Fox; Arthur L. Wright & Co., Inc.; Magnus & Company; Walter, Woody and Heimerdinger; C. N. White & Co.

Wood, Struthers Co. Admits L'Hommedieu

Wood, Struthers & Co., 20 Pine Street, New York City, members of the New York Stock Exchange, announce that Henry K. L'Hommedieu has been admitted to general partnership. Mr. L'Hommedieu has been associated with the firm for many years as manager of the municipal bond department.

C. R. Youngdahl With Aubrey G. Lanston Co.

Aubrey G. Lanston & Co. Incorporated, 15 Broad Street, New York City, specialists in United States Government, State and Municipal Obligations, announce that C. Richard Youngdahl has been elected a vice-president of the firm.

Mr. Youngdahl was formerly assistant director of the Division of Research and Statistics of the Board of Governors of the Federal Reserve System.

R. S. Dickson Places Bowman Debentures

An issue of $500,000 sinking fund debentures due Nov. 1, 1969 of A. Smith Bowman and Sons Incorporated has been placed privately with a group of institutional investors.

This financing was negotiated through R. S. Dickson & Co. Incorporated.

Stock Market Forecast for 1955

By GEORGE C. ASTARITA

Boettcher and Company, Colorado Springs, Colorado
Members, New York Stock Exchange

Predicting 1955 will prove a better business year than 1954, Mr. Astarita holds securities markets, after some needed technical correction, will make modest new highs. Notes that there exist any number of imponderables which could upset the applecart. Says many "bluue chips" appear to have discounted the future some time in advance.

I believe that 1955 will prove a better business year than 1954, and that the securities markets, after some needed technical correction, will make new highs, but will spend most of 1955 consolidating the gains of the past sixteen months. Because the springboard of business was only slightly depressed during 1954, no sharp and compensating upthrust is anticipated. Mild industrial improvement, rather than a boom, would seem to be in the cards.


George C. Astarita

Despite the rather favorable outlook prevailing at the moment, there exist any number of imponderables, which could upset the applecart. Reference is made to such theories as the one having to do with coexistence, meaning that we can continue to spend huge sums for armaments and yet not run the risk of all-out war. We have been walking a narrow path between war and peace for years, and a step off that path in either direction would constitute a severe threat to the economy and security prices. Then, too, the political climate presumably is such as to preclude the possibility of a depression. Compensatory spending and built-in safeguards are cited as insurance against business recessions. Control of money rates and plans for a huge road building program, together with large expenditures for schools and other public works, will supposedly keep the economy on an even keel. Growth in population and technological development should furnish the fuel for a still larger amount of business.

It should be remembered, however, that debt expansion is rising faster than the increase in the gross national product and that corporate debt is increasing faster than profits, and individual debt is expanding faster than liquid holdings. Most of this debt is of the short-term variety and, therefore, the possibility exists that wholesale liquidation at some future date could take effect. Merely a slowing down in the rate of debt expansion will bring about some degree of business recession. Residential building has been proceeding at a pace exceeding the rate of family formation and, therefore, this segment of the economy carries with it a degree of risk for all business. Labor demands will make themselves felt in the atmosphere of optimism which now pervades the nation. Profit margins may be squeezed as the result of a more competitive economy.

The market has enjoyed a large rise to new heights, while business has been declining during 1954. The spread between interest rates and dividend payments has narrowed, and investment confidence has reached a high level. Many blue chips appear to have discounted the future some time in advance. For these reasons, a corrective reaction would seem to be indicated. The writer, therefore, does not favor the purchase of leading equities for any further general market rise within the near future, but rather leans toward the policy of buying high-grade defensive securities, together with a sprinkling of special situations holding forth a large potential.

In conjunction with his annual forecast for 1954, the writer recommended purchase of American Airlines, Carborundum, Filtrol, Montgomery Ward, U. S. Steel and Westinghouse Electric. During the ensuing 12 months, these six stocks recorded an average maximum gain of 77%. This year he does not hope to equal that record, but recommends among the defensive type securities: American Telephone, Beech-Nut Packing, Columbia Gas, Coca-Cola, and R. J. Reynolds B. Special situations which appeal to the writer for exceptional growth, include Chicago Mill and Lumber, General Bronze, and Snyder Tool and Engineering. The list is not all-inclusive, but rather indicates the type of investment approach recommended.

Dietz Heads Dept. For W. C. Langley Co.

Kenneth F. Dietz has become associated with W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, as manager of the firm's investment advisory department. Mr. Dietz was formerly with F. P. Ristine & Co.

Wm. J. Mericka Co. In New Location

CLEVELAND, Ohio — Wm. J. Mericka & Co., Inc. is celebrating its 25th anniversary and announces the removal of its offices to 1101 Union Commerce Building.

A Round-Up of Credit Conditions

By EDWARD F. GEE*
President, Robert Morris Associates
Vice-President, State-Planters Bank & Trust Co., Richmond, Va.

Mr. Gee holds, as year ends, the consensus is that the relative credit strength of bank-borrowing customers generally has improved compared with that of a year ago. Says most prevalent credit weakness today lies in the declining gross profit margins accompanying the fight to keep sales up. Finds loan collection experience has been satisfactory during 1954, and foresees no appreciable change in loan rates.

The year 1954 as a whole has been a satisfactory one for borrowing businesses. The first and second quarters saw some weaknesses in operating conditions—in textiles generally; in metal and metal products in the east; in canning and food processing in the middle west; in other scattered lines of manufacturing; and in wholesale and retail trade, particularly in the west and southwest. By the third quarter, there were spotty signs of improvement. For the fourth quarter, not a single bank in any section reported unsatisfactory operating conditions for business generally. Estimates ranged from satisfactory, to highly satisfactory, to excellent, in every section of the country.


Edward F. Gee

As the year ends, the consensus is that the relative credit strength of borrowing customers generally, in comparison with that of a year ago, has improved, or, at least, has shown no weakening worthy of comment. Improved credit strength is estimated for finance companies generally, for utilities, for electronics, for paper and paper products, for the construction industry, for selective retailers, wholesalers, and manufacturers in widely scattered areas, and for the citrus fruit and cigar industries of the deep southeast. Only mining in the East, textiles in the South, and certain metal products and other manufacturers in the Midwest were notable among borrowing lines which, it was felt, had failed to maintain their credit strength on a par with that of a year ago.

In viewing current business balance sheets, fiscal-year or interim, what changes, trends, or developments have caught the eyes of these 40 loan men? New England mentions reduced inventories, more comfortable debt structures through shifts to longer term financing, more liquid current positions. The East sees lower and better balanced inventories, lower tax liabilities, working capital overall at an all time high. The Middle South finds inventories unchanged or up a little, in textiles and particularly in hosiery, with a slowing evident in receivables generally, reflecting here, as in other agricultural areas, the drag of a three-year drought. In Central States, the Midwest, and Southwest, inventories and debts have shown signs of declining, with both better balanced, and with liquidity improved generally, offset here again nominally by a trend to slower receivables. Western states, as a whole, have been conscious, too, of the improved inventory situation and of the trend toward greater liquidity through lower tax debts and increased use of noncurrent sources of capital funds and financing.

Current operating statements, fiscal-year or interim, show, the country over, a remarkably uniform pattern. Variations exist only with respect to the ability of business, within spotted areas or sections, to maintain or increase sales volume. On the whole, the pattern is not one of reduced sales but of steadily declining gross profit margins as a result of increased competition; of the struggle, with varying degrees of success, to control heavy or increasing overhead and operating expenses through improved systems and cost-savings devices; of smaller pre-tax earnings; and of steady or improved final net earnings as a result of tax relief. To this must be added a tendency to pay out in dividends a greater proportion of the profits shown.

Most Prevalent Credit Weaknesses

The most prevalent credit weaknesses today, in the opinion of these loan officers, are not to be found in business receivables, because of unwise credit extensions, inefficient collection procedures, or general conditions; not in business inventories, because of excessive quantities, improper balance, obsolescence, or price losses; not in business capitalization, because of over-expansion in fixed assets, inadequate working capital, or topheavy debts; not in inadequate or declining sales opportunities, excessive dividends or withdrawals, or in an unfavorable operating outlook for the economy as a whole. Weaknesses of moment today are primarily those of a unit operating nature—declining gross profit margins in the fight to keep sales up; high or increasing overhead expenses in the fight to keep costs down. They can be reduced succinctly to a single phrase — strong and increasing competition among individual units within an industry and among individual industries within the economy as a whole.

As a result, there are unit weaknesses and industry weaknesses against which bank loan officers must now particularly remain alert. Small and marginal companies everywhere become increasingly vulnerable under an increasingly competitive economy. The coal industry, hides and leather, public transportation, farm equipment, farming, poultry, livestock, some textiles, hosiery, some automobile dealers, retail appliances and television, some heavy equipment dealers, specialty shops and other small retealers are listed among units and industries that loan men must screen with exceptional care in the months ahead.

What of loan volume, collection experience, loan losses, and rate trends in the year now ending? Outstanding loans and discounts in these 40 banks today, in comparison with a year ago, are equally balanced with respect to the number and nature of overall changes—half report increased loans; half report decreased loans. New York and Chicago, the Eastern and Central States are predominantly down; the Middle-South banks are predominantly up. Seasonal commercial loans, loans to finance and small loan companies, and term loans are down generally the country over. In every section, home mortgage loans are up. Secured business loans, direct personal loans, and indirect consumer credit either held their own or increased in many more instances and sections than those in which the contrary was reported.

Loan Collections

Loan collection experience everywhere has been satisfactory, with no significant overall change from 1953. Only in direct personal loans and other consumer credit, primarily in the East and Southwest, were there instances in which collection experience was worse than that for the year before. In these fields, greater collection effort was required in every section to keep loan accounts current.

Bad debt losses by banks for the year will be relatively nominal the country over. Only in the Philadelphia area, and in other scattered instances in the Midwest, Southwest, and Mountain States, are they expected to exceed slightly the nominal losses that most banks experienced in 1953.

The year brought some slight softening in loan rates for the first time in over 20 years. With the prime rate adjustment last March from 3¼ to 3%, other commercial loan rates eased nominally in every setion of the country, particularly where credits had improved or could reasonably be upgraded within the group above the prime. Rates on mortgage and other loans to individuals remained relatively stable although some reductions were reported in the Eastern and Central States.

Loan men are concerned with the past only to the extent that it may serve as a guide to the probable experience of the future. Loans made now must be collected in the future. What of that future?

The weight of opinion is that, overall, 1955 will be a good year, a year equal to if not better than 1954. This opinion predominates in the industrial areas of New England, the East, the Central States, and Far West, and is only slightly less optimistic in the agricultural areas of the South and other sections. Of 114 industries or lines of business mentioned as major borrowers in sections served by these 40 banks, exactly half were believed to have a slightly better operating outlook as they entered 1955, with that view particularly applicable to the first six months. Not a single bank of this group classes business operating prospects as poorer.

Loan volume, it follows, is expected to increase. The East generally and the Far West are sections prominent in predicting increased loan outstandings. Others feel that loans will hold their own. No bank anticipates a reduction of consequence in present overall outstandings.

Within the loan portfolio, mortgage loans, direct personal loans, and other consumer credit head up those elements in which increased outstandings are anticipated. Pick-ups are also expected, less widely as to sections, in seasonal commercial loans; in loans to finance and small loan companies; and, to a lesser extent, in secured business loans. Only in term loans are there noteworthy predictions of reduced outstandings.

Banks are unanimous in feeling that, overall, loan collection experience in 1955 should be no worse than that in 1954. By loan types, only purchased consumer paper, primarily, and, to a lesser extent, direct personal loans are categories in which increased collection troubles are anticipated by scattered banks, principally in the East and Southwest. Bank losses from bad debts in 199 are expected, with almost equal unanimity, to show no appreciable change from those this year.

No Appreciable Change in Loan Rates

Loan rates, the majority feel, will show no appreciable change. This applies particularly to miscellaneous commercial and individual loan rates, less to the prime rate, and least emphatically to the mortgage loan rate. There are some scattered predictions in scattered areas that the prime and other rates will move downward.

What of the ability of these banks to care comfortably for any loan increases that may materialize? Of these 40 banks, there are a few in the East, the South, the Central States, and Far West (with some mentioning increased capital) which say they could comfortably increase average loan outstandings by 25% or more. The greater number, in most sections, particularly in the Central States, mention expansion preferences of from 10 to 25%. About a quarter, notably in the Middle-South among other areas, would preferably limit the increase to 10%. The remaining quarter, notably in the Southwest among other areas, feel they are now comfortably full. No bank reports any pressure or need to reduce present loan outstandings.

With this background, what general loan policy, with respect to volume and loan types, do these loan men recommend for the year ahead? Half or more say seek aggressively property improvement loans, automobile loans, and other consumer credit. With descending emphasis, they mention seasonal commercial loans to manufacturers, appliance paper, home mortgage loans, and seasonal commercial loans to wholesalers and retailers. Loans to sales finance and small loan companies, secured business loans of various types, and term loans, the majority feeling runs, need not be sought but may be accepted prudently. No bank recommends a policy of reducing, even discreetly, property improvement loans, consumer credit, or seasonal commercial loans of any general type.

In other categories, notably sales finance, small loan companies, term loans, appliance paper, and secured business loans, there are scattered sectional feelings that some discreet reduction may be in order to make way for other more profitable or more attractive loan elements. Only in loan participations with the Small Business Administration is there unanimous failure to mention a positive approach—the viewpoint here is prevalent that beyond what these banks are now doing and will continue to do in direct lending to small business, the footing may be financially if not economically unsound.

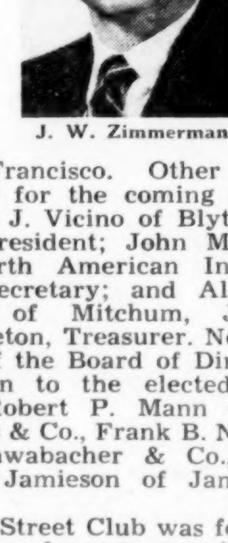
Overall, with respect to bank loans as a whole, the opinion is that they may be sought aggressively or accepted prudently, with no emphasis on reduction, so long as lenders employ good judgment and skill and remain ever conscious of the dangers that may be increasingly found in selective companies and selective industries, under increasingly competitive economic conditions, within the fabric of an overall economy that these bankers feel to be sound.

This, then, is the picture—painted with a broad brush on a very broad canvas.

*An address by Mr. Gee at the Seventh National Credit Conference sponsored by the American Bankers Association, Chicago, Ill., Dec. 16, 1954.

S. F. Street Club Elects Zimmerman

SAN FRANCISCO, Calif. — J. William Zimmerman of Dean Witter & Co., has been elected President of the Street Club of San Francisco. Other officers elected for the coming year are Walter J. Vicino of Blyth & Co., Vice-President; John MacKenzie of North American Investment Co., Secretary; and Allen Mitchum of Mitchum, Jones & Templeton, Treasurer. New members of the Board of Directors in addition to the elected officers are: Robert P. Mann of Davis Skaggs & Co., Frank B. Nombalais of Schwabacher & Co., and H. Louis Jamieson of Jamieson & Co.


J. W. Zimmerman

The Street Club was formed by a group of young men in the investment business, shortly after World War II. Present active membership is maintained at 75. Regular business luncheon meetings are held throughout the year. Objective of the organization is to promote the social and educational welfare of the investment men of the Bay Area.

Joins A. G. Edwards Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Raymond J. Kalinowski has joined the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Social Welfare and the Trend Toward Government Paternalism

By EUGENE M. THORE*
General Counsel, Life Insurance Association of America

Mr. Thore discusses the various phases of social welfare legislation, which he describes as trends toward government paternalism to the detriment of private enterprise in the field of voluntary insurance. Says trend toward liberality in field of social benefits is amply demonstrated in the Social Security legislation in 1954. Reviews programs for government aid to health insurance and Federal regulation of insurance in general. Concludes, there is the usual risk that a Government insurance program, once started, will get out of hand, and, though voluntary insurance is caught between the forces of idealism and realism, it will survive.

It is not my purpose to explore in detail the underlying forces which have compelled nations throughout the world to assume greater responsibility for the security of their citizens, nor to evaluate the influence of this trend on the future of a free society such as we have in the United States. These aspects of government intervention have been adequately analyzed by students of political science and economics. It seems to be the consensus that historical precedents and the economic law condemn the shifting of individual responsibility to government. Despite warnings of economic disaster, care of the governed through involuntary government systems which undertake to supply certain individual needs seems to be generally accepted, politically at least, as a proper function of government. Differences arise mainly with respect to the degree of government intervention.


Eugene M. Thore

It is argued that extensive compulsory welfare systems are an essential counterpart of an economy which depends on consumer spending to maintain high productivity and full employment. On the other hand, it is contended that under an expanding economy most individuals are better able to achieve their own security without government help and consequently government should limit its activities to assisting only those actually in need. Between these extremes is a third view that government should assure a floor of protection to all citizens, regardless of need, at levels which will not destroy the incentive to build additional security through voluntary action, this to be accomplished with a minimum loss of freedom. We are witnessing a struggle between the advocates of these competing philosophies.

Social Welfare in General

In the United States the trend toward more social legislation continues. Opposition to this trend appears to be declining. In the area of individual security, neither major political party actively opposes the direction in which we are going. People do not seem to think that more welfare means we are becoming socialistic. They believe in free enterprise, but when it comes to individual security many seem willing to amend in varying degrees the traditional concept of individual responsibility. What is the explanation of this trend in public attitude? This question is important to a busines such as life insurance, which is concerned with providing security for individuals on a voluntary basis.

It has been suggested that this trend in social welfare is related to the doctrine of progress—the belief that we as a people are dedicated to improvement — the idea that novelty is the means through which improvements in our society are achieved. This doctrine has been a vital force in developing our economy. It is concerned with closing the gap between what is and what ought to be. Our unparalleled voluntary insurance system is one of its products. Lately, however, the doctrine of progress in the minds of some has also become a political philosophy. Its application in the political field is responsible in a measure for the steady growth and expansion of our Federal Government. This expansion has now reached such proportions that private business is feeling the impact of extended government activity. Our dedication to progress, which has been the moving force in developing our commerce and industry now is influencing political policy.

There is another possible explanation of this trend toward government paternalism. In some quarters it is looked upon as an effort to curry favor. Recent developments raise some doubt whether the trend actually results from the demands of the people. Unquestionably, there is a recognized need for social security systems which will protect citizens from destitution. Nothing has happened so far, however, which demonstrates that the American people are actively urging government to assume increasing responsibility for the security of the average citizen. What then is the moving force behind the recent increases in social security benefits? Are benefit increases recommended in election years by those who seek political approval, or are they adopted to satisfy public demand?

It should be crystal clear to everyone that compulsory welfare legislation interferes with individual freedom. Over-expansion of welfare systems should be condemned on that basis, if on none other. Those who advocate government supplying needless assistance to the individual try to divert attention from this aspect of the problem by emphasizing freedom from insecurity as their goal. But this is a misconception of freedom. Government cannot provide freedom—it can only help preserve freedom. Any compulsory welfare system must utilize the power to tax and to regulate. When government uses these powers it necessarily limits our freedom. Freedom has been defined as non-molestation among people. When we provide security through compulsory government action we necessarily molest all who must submit to the compulsion. Unfortunately, the interventionist is willing to barter freedom in exchange for legislative promises of more security.

*An address by Mr. Thore before the Annual Meeting of the American Association of University Teachers of Insurance, Detroit, Mich., Dec. 28, 1954.

Social Security Legislation — 1954

This trend toward liberality in the field of social benefits was amply demonstrated during the last session of Congress. A review of the legislative record shows that there was little opposition to most of the social welfare legislation that was enacted. It is not possible of course, to review this record in detail here. However, a few comments on social security legislation adopted in 1954 should serve to illustrate that the trend in welfare legislation has not changed under the new Administration of our government.

The following changes in the Social Security Act in 1954 were generally supported by our business:

(1) **The extension of coverage to 6.3 million more persons on a compulsory basis.** 3.8 million persons were made eligible on an elective basis. At this time 9 out of 10 civilian jobs are eligible for coverage. It has been our view that Social Security coverage should be universal. The changes this year represented a large step in that direction.

(2) **A liberalization in the method of computing benefits.** The new law provides that the lowest years of earnings or no earnings (not to exceed five such years) will be eliminated in computing benefits. This takes care of periods of unemployment and temporary illness and seems to be a fair and equitable change in the benefit formula.

(3) **Improvements in the retirement test.** There were inequities in the old retirement test, particularly in the case of wage earners. The new law permits both employed or self-employed persons to earn up to $1,200 a year before any reduction is made in their social security benefits. The change removed one of the arguments for complete elimination of the work clause. It represented an improvement in the test. We supported it in principle.

The following changes in the Act were in conflict with conclusions adopted by the life insurance company associations after a careful study and re-appraisal of the Social Security system.

(1) The change in the tax and benefit formula base from $3,600 to $4,200 was opposed for the following reasons:

(a) It departed from the basic floor of protection principle which had been widely accepted from the inception of the Act. Under this principle, benefits under the act should not provide more than a floor of compulsory security. Workers are expected voluntarily to build their security on the floor of social benefits.

(b) It discriminated against the average wage earner in favor of the above average wage earner.

(c) The change was unessential to the sound financing of the system.

(2) Increases in retirement and survivorship benefits were opposed because we felt that the level of benefits under existing law were adequate and consistent with the basic floor of protection principle. There had been no cost of living increase since the last adjustment in benefits in 1952.

(3) A new provision designed to preserve the benefit expectancies of disabled persons was opposed because we thought that the problem of disabled persons could be taken care of in a more practical way, without the necessity for setting up state and Federal machinery to adjudicate disability claims. Once such a system is established, as it will be under the new law, there will be pressure for the adoption of a program of cash disability benefits. It has long been our view that cash disability benefits should not be provided as a matter of right under a government-run security system.

Opposition to the change in the wage base, liberalization of the benefit formula and the new disability provision was vigorously presented to Congress. There was a substantial opposition vote in the Ways and Means Committee in the case of the increase in the wage base, but all three changes were adopted by almost unanimous votes of the House and the Senate. This illustrates, I believe, general Congressional support of the Social Security program.

Congress felt that the raising of Social Security benefit levels was not far out of line with the floor of protection theory. We contended that if the floor of protection adopted by Congress in 1952 was adequate, in the absence of an increase in living costs, benefits should not be raised again in 1954. But it is possible to rationalize such a change by adopting a more liberal view of what constitutes a floor of protective benefits. The action of Congress could mean that after further consideration, they thought the levels established in 1952 did not represent a fair application of the floor principle. Since this principle cannot be precisely defined, there is bound to be some latitude in fixing benefit levels. Undoubtedly, Congress took this broad view.

Change in the wage base involved more fundamental considerations. The wage base which affects both revenue and benefit levels has never been tied to any fixed principle. However, the level of the wage base affects benefits and consequently the floor of protection principle must be taken into account. In reaching its conclusion to raise the base, Congress was influenced by the fact that the wage base was established at $3,000 in 1936 and that the subsequent increase in wages more than supported an increase in the base to $4,200.

On the other hand, we contended that the wage base should not exceed the average wage in the country which is in the neighborhood of $3,600 per year. Tying the wage base to the average wage would provide a criterion for fixing the base in the future, and would avoid providing benefits for earnings above average in violation of the floor of protection principle. While this position had substantial support in the Ways and Means Committee, chiefly by Republicans, it did not prevail. The action taken by Congress was motivated, I believe, by the feeling that the base had not kept up with wage increases. The change was viewed by many as a compromise. Labor had long insisted that the wage base should be $6,000 a year and there was substantial support for a base as high as $4,800. A base as high as $6,000 would, of course, convert social security to a national pension system.

The adoption of the $4,200 base, in our opinion, veers away from the traditional concept that social security should provide only a basic floor of protection because the new base exceeds the average wage in the country. It should be noted, however, that wage statistics, such as the average wage in certain industries, support a base higher than $3,600. Consequently, had Congress accepted the average wage approach, it might have justified its

Continued on page 30

New and Challenging Transport Horizons in Canada

By W. A. MATHER*
President, Canadian Pacific Railway Company

Presenting as a threefold challenge to Canadian transportation: (1) revolutionary technological progress; (2) the opening up of northern areas; and (3) competition, leading Canadian rail executive says Canadian railways are hampered by the dead hand of the past in the form of regulatory devices. Decries some recent Canadian regulations and wage rate advances, and concludes the most promising horizon is growing awareness that Canada's railways cannot indefinitely continue to serve two masters, *i.e.*, regulation and competition.

Canada no longer has a transportation problem in the sense that such a phrase would have been understood by the pioneers who settled the shores of the St. Lawrence, nor yet in the sense envisaged by the Fathers of Confederation.


William A. Mather

Yet transportation, in the physical sense of the term, is no less vital to national existence today than it was in the days when the foundations of Canada's railway system were laid from Atlantic to Pacific, linking together the far-flung colonies of what was then British North America and opening up to settlement the vast Prairie "heartland" upon which our prosperity and progress so much depend.

It would be folly, however, to suppose that the achievements of the age of the railroad builders may be regarded as a *fait accompli* of history and that Canadians may look with complacency upon these achievements without regard for the present or for the future. No one present tonight, I am certain, is indifferent to the new horizons in transportation which are opening up—new horizons in which the railroads and allied industries, and indeed the entire country, face a challenge no less stirring than that of earlier days.

That challenge, I suggest, is threefold.

First, there is the challenge of technological progress which is revolutionizing rail transport.

Second, there is the role that the railways are playing, and are destined to play, in the opening up of northern areas.

Third, there is the challenge of competition.

Perhaps you will allow me to dwell briefly upon each of these three points. As a railroader, I am conscious of the importance of each to the industry which it is my privilege to serve. As a Canadian, I sense it my duty to invite consideration of matters which no one who stops to ponder can fail to recognize as of paramount national importance.

A thoughtful people cherish most, next only to the ties of family and of faith, the prosperity and security of the nation. Prosperity, progress and security all depend not only upon our economic heritage, but also upon the use we make of, and the contribution we make to, that heritage.

Transportation, I venture to assert, is a significant and growing part of Canada's economic heritage.

"One of the best tests of whether a people can see, in the economic sense, beyond its nose," says the editor of that internationally known journal, "The Economist" of London, "is in its attitude to transport, for transport, although absolutely essential to economic progress, confers its benefits indirectly."

The pertinence of this observation will, I am confident, be apparent in each of the points upon which I trust you will now allow me very briefly to dwell.

Technological Advance

All of us are familiar with the fact that spectacular technological achievements are taking place in the realm of rail transport. It is, I think, fair to say that dieselization of motive power reflects as dramatic and significant a technological advance as any on the modern industrial scene. The diesel locomotive, capable of more than 5,000 miles of continuous operation without attention beyond servicing and inspection is a far cry from the steam locomotive of some years ago, limited to runs of about 150 miles. In flexibility, economy and operational efficiency the deisel points the way to horizons never dreamt of in the earlier science of railroading.

No less spectacular are the host of technological achievements in such matters, to mention but a few, as control of train movement by automatic signal indication, the use of radio in yard and train operations, push button control of switches and brakes in yard handling of cars, mechanization of track maintenance, and the contribution to railroading of innovations in the mechanical, electrical and electronic fields. In adopting the latest and best in rolling stock, both for passenger and freight service, the railroad industry of Canada may fairly be said to take second place to none.

Such developments afford ample evidence that the railways and those industries which manufacture railway equipment lack nothing in their determination to bring the benefits of progressive and imaginative engineering to bear upon the transportation needs of Canada.

Yet, as I said a moment ago, many of those benefits are indirect and perhaps not immediately perceived. The shipper of freight by rail, for example, seldom sees his consignment from the moment it leaves his warehouse until it has been delivered. Yet improvement in the speed, quality and economy of rail freight service, reflects constant and untiring application of engineering skill and technological research to servicing better the shipper's needs. It reflects, also, the confidence of rail management, backed by private and public investment of hundreds of millions of dollars in new equipment, that the application of such skill and research will result in more efficient, economical transportation for all Canadians.

In the technological field, the new horizons in railroading are unending and the challenge constant and unwavering. It is in large measure due to the ingenuity and initiative of those industries represented here tonight that the response of the railroad industry to that challenge is at once positive and dynamic.

The Rails Push North

In the literal as well as in the figurative sense, new horizons in railroading are also opening up in the Canadian North. Pioneering the hinterland, despite the advent of the aircraft and modern highway development, is still the railroader's task. Railway building projects recently completed or now under way, representing a capital investment of more than $275 million, will add nearly 1,200 miles of track to Canada's rail network.

The push northward of the end of steel is not confined to any one part of the country. In British Columbia, in Alberta, in Ontario and in Quebec the railroad builders are busy driving new lines to serve industries which are arising from new discoveries and development of mineral and other resources.

Only the most ardent pessimist would assume that resource development in Canada has reached its peak. The truth is that the discovery of new mineral wealth is likely to be a commonplace for years to come. And with each new discovery, other modes of transport notwithstanding, the need for further extending Canada's rail network will continue to manifest itself in new building.

New railway construction is compelling evidence that rail transport is no less essential today than in that period in Canada's history described by the late Dr. O. D. Skelton as "The Age of the Railway Builders." The reason for so much activity in rail construction is that the railways still provide the cheapest and most efficient means of transportation for those products of Canadian industry upon which prosperity and progress depend.

The railway is still an indispensable transportation tool.

Canada's resource industries share with agriculture the distinction of forming the backbone of the export trade upon which national prosperity depends. A country which derives more than 20% of its national income from exports dependent for their competitive advantage in world markets upon a price measured in part in terms of transportation cost cannot afford to remain indifferent to those problems which affect the railroads in their ability to meet new as well as existing transportation needs.

Visible and positive as is the response of the railways to the challenge of opening up the northern hinterland, how many, I wonder, stop to think of the contribution which is thus made to the long-term prosperity of the Canadian people in terms of an expanding national income? How many consider the vital importance to our national security of ready access by rail to strategic resources essential to defense needs as well as to the needs of industry?

Transportation—and rail transportation in particular—it must be remembered, confers its blessings indirectly as well as directly.

The Challenge of Competition

The greatest challenge in transportation in Canada today lies in the fact that competition has come of age. No longer can it be said, as in the days before the advent of the highway truck, the aircraft and the pipeline, that the railways enjoy a monopoly in transportation. Today the task of moving people and goods from place to place within Canada is a highly competitive enterprise. It is fair to assume that as our country grows, these several forms of transportation will grow too, with competition playing an ever-increasing role as a governing factor in transportation development.

There is nothing mysterious about competition. In most fields of endeavor it is recognized and welcomed as the regulator of the profit and loss system of our enterprise economy. Competition, in a free society, is the only known principle which, when fairly applied, directs our productive resources, both human and material, into those channels where they will combine to produce in the most efficient and economical manner the goods and services which people want or need.

Competition is as much part of the Canadian heritage in the realm of economic thought as are the railroads in the realm of transportation.

It is a disquieting paradox, however, that while recognizing the blessings of competition—blessings which, it may be noted, are conferred indirectly and manifest themselves in terms of price and quality of service—there is nevertheless a tendency to recognize only belatedly the fact that competition has become a dominant factor in those segments of the economy where heretofore its impact was slight or non-existent.

Competition is at once one of the most promising and, at the same time, one of the most perplexing manifestations on the transportation horizon of today.

If one stops to consider the impact of the highway truck, the aircraft and the pipeline upon modern Canadian transportation, it would be best to describe competition as no longer something looming on the horizon, but rather to regard it realistically as moving rapidly towards the zenith.

Yet the railways, acknowledged as just as indispensable to transportation in Canada today as they ever were, are subject not only to the regulation of competition, which they welcome, but to other regulatory devices designed to meet the problems of a monopoly situation which no longer exists.

Monopoly in transportation is dead.

Yet the dead hand of the past, in the form of regulatory devices appropriate only to monopoly conditions, still prevails.

Thoughtful students of human affairs have more than once remarked on the ponderous majesty of the Law. Slow to change, it nevertheless sooner or later inevitably reflects the changed conditions which time and human progress have wrought.

The period of transtition and adaptation, doubtless necessary and desirable, is none the less one of grave difficulty for those confronted with conditions already so changed as to be barely recognizable.

Such is the situation in which Canada's railway industry finds itself today.

I am not unmindful of the fact that the railways have certain public obligations which are justification for certain forms of regulation. In suggesting that the rails, in order to meet the challenge of competition, should be freed from restrictive regulation. I refer in particular to that type of restrictive regulation designed primarily to meet monopoly conditions in transportation which no longer prevail.

Such regulation of the railway industry manifests itself most markedly in the pricing of railway services. Since the major regulatory function of competition also manifests itself in the pricing of services, the not infrequent conflict between regulation under law and regulation under competition poses problems of the utmost gravity for the railways.

Where does this conflict of regulatory forces manifest itself? How does it affect the railways?

Chief Justice Sloan of British Columbia, in his capacity as arbitrator appointed by the Government of Canada in the recent rail arbitration proceedings, states in his award:

"A major factor contributing to the present serious decline in rail revenues is the distortion and imbalance of the freight rate structure due to the direct and indirect but consequential effects of the Crow's Nest Pass Rates covering grain and grain products."

Freight rates on grain and grain products, as you know, are set by statute at a level no higher today than in 1899. Generally speaking, more than one-quarter of the total volume of rail freight traffic in Canada moves under these abnormally depressed rates.

None will quarrel with Chief Justice Sloan's finding that Crow's Nest pass rates, as they are known, "have contributed in great measure to the economic stability of the nation by moving the wheat crop of Canada to world markets at competitive prices and will, no doubt, in the future, continue to do so."

It is their effects upon other segments of the economy with which Chief Justice Sloan, and for that matter, every other thoughtful Canadian, needs to be concerned.

In the words of the award, those effects, direct and indirect, have now "become critical."

"The railways," — and I quote the arbitrator's own words — "are in danger of being priced out of the most lucrative forms of freight traffic. The high-rated commodity groups, selling in a competitive market and now contributing so large a share to Railway overhead (a cost to them which affects the end price of their products) are seeking other forms of competitive transportation and are finding the trucking industry, free from any trammeling controls, willing and able to supply it."

Again quoting from the award:

"Even lower rated bulk goods such as sand and gravel are sensitive and not free from truck competition."

And finally:

"The railways," says Chief Justice Sloan, "are making every effort by the expenditure of large capital sums (contributed in large measure by the people of Canada in the form of investments and otherwise) in the modernization of equipment and such-like, to reduce overhead and meet competition in many fields.

"*It is an unequal struggle in which the Railways are, by reason of the shackling effect of a national policy, in much the same position as a man facing formidable and powerful antagonists with one hand tied behind his back.*"

How can equality of opportunity to compete be accorded to railways without doing violence to the principle of low cost transportation for export commodites so vital to national prosperity as grain and grain products?

Allow me to answer this question by directing your attention to that passage in the award where the arbitrator states:

"It is my respectful opinion, however, that the effect of these rates both direct and indirect, wherein their application results in loss of rail revenues, should be shouldered in some fair degree by the National Treasury, and not as now continue to be borne by a segment of the National economy."

How such a recommendation is to be implemented is a matter appropriate to the realm of public policy rather than to the railways.

Recognition of the urgency of the problem and of its national importance by a jurist of the eminence of Chief Justice Sloan suggests, however, that a solution is not only possible but necessary. For the award itself, which places upon the railways an additional payroll cost of the order of seven million dollars annually, thus removing any disparity which might be thought to have existed as be-

*An address by Mr. Mather before the Canadian Railway Club, Montreal, Canada, Dec. 13, 1954.

tween the benefits enjoyed by railway employees and employees in other industries, clearly states:

"The Railways are not now financially able to meet the cost, from net operating rail revenue, of remedying the existing disparity."

Public sentiment, I am confident, recognizes the railway as a fine transportation tool which, if given equality of opportunity to compete, can alone assure that efficient, low-cost transportation upon which the prosperous economy and high living standard so much depend.

Public sentiment, no less surely, embraces a deep-rooted faith in the effectiveness and desirability of an economy which is fully, and not just partially, competitive.

Nor is public sentiment laggard in recognizing the need for action when a wrong needs to be set right.

Canadians, more than most, can ill-afford to fail to accord public recognition to the fact that transport, although absolutely essential to economic progress, confers its benefits indirectly as well as directly.

If those benefits, in the form of low-cost, economical transportation are to be assured—and assured they must be if proper regard is had for progress, prosperity and national security—the realities of competition in transportation must be recognized in the realm of public policy no less surely than they are now recognized by the railroad industry itself.

Of all the new horizons in transportation, the most promising, and the one likely to be the most rewarding in terms of national well-being and prosperity, is the growing awareness that Canada's railways cannot indefinitely continue to serve two masters—the master of regulation and the master of competition—without gravely impairing the industry's ability to serve the public efficiently and economically.

Stability Not Dependent on Deficit Financing

January issue of "Monthly Bank Letter" of National City Bank of New York points to "built-in stabilizers" which permits the economy to work out orderly readjustment without large scale deficit spending.

In a discussion of the current business situation, the January issue of the "Monthly Bank Letter" issued by the National City Bank of New York, points out that the avoidance of a depression in 1954, a depression that had been widely predicted, is an indication that adjustments in the economy can be worked out in an orderly manner without large scale deficit spending.

"The record of 1954," the "Bank Letter" states, provides a demonstration to the ability of the economy to work out a readjustment in an orderly manner, without large scale deficit spending. It also supplies a better insight into three influences which helped avert depression this time and might do so again—the 'built-in stabilizers' in the economy, the character of consumer demand, and confidence in the long-run trend.

"Some of the stabilizers operate automatically, and will do so under similar circumstances again. Others were created by government policy decisions or legislation. By helping to maintain income, the automatic stabilizers—such as unemployment compensation—cushion the initial effects of a downturn, although by themselves they cannot stop or reverse a decline. In the first 10 months of 1954, wages and salaries totaled about $3 billion less than in the corresponding months of 1953, but the rise in government payments for unemployment insurance, social security, and veterans' benefits offset nearly two-thirds of the drop. Agricultural price supports also helped sustain income. As a result, personal income before taxes in 1954 nearly equaled the 1953 total. Personal tax liabilities dropped, in part because of the decline in pre-tax income and in part because of reduction in Federal tax rates. Income after taxes rose to new highs.

"Largely because of these influences, consumer spending power rose to a new record in 1954. Profits after taxes of large corporations remained close to 1953 levels despite marked declines in sales and pre-tax earnings. These high incomes, together with the large holdings of liquid assets by individuals and the financial strength and liquidity of business concerns generally, explain the ability of consumers and business men to maintain and even increase their expenditures in 1954.

"Along with ability to buy, build and invest must go the will to do so. A general state of confidence also has helped keep business going. Monetary authorities, following a policy of 'active ease,' assured ample credit for worthwhile business and personal needs, and helped keep the markets free of forced liquidation at distress prices. Tax reform measures encouraged capital investment, and liberalized housing credit legislation stimulated home building to near-record rates. At bottom, confidence rests on faith that an increasing population and rapid technological progress promise long-run growth.

"Finally, credit for the year's showing must also go to the more extensive information on business developments now available and greater knowledge on how to put this information to work. An informed and enlightened management is less likely to make panicky decisions on investment, inventories, and buying policies.

R. D. Stainbrook Now With Tripp & Co. Inc.

Tripp & Co., Inc., 40 Wall Street, New York City, announce that Richard D. Stainbrook, formerly toll road analyst for The American Petroleum Institute, is now associated with the firm.

Federal Reserve Raises Margin Requirements

Increases minimum margin on stock purchases from 50% to 60%. Move protested by Presidents of New York's leading securities exchanges.

On Jan 4, the Federal Reserve Board announced an increase in the minimum cash margin requirements on stock market trans-

G. Keith Funston E. T. McCormick

actions from 50% to 60%, effective the following day. The avowed purpose of the increase was to "prevent the excessive use of credit for speculation that might endanger the business recovery."

Keith Funston, President of the New York Stock Exchange, in commenting on the margin increase, expressed disapproval of the Federal Reserve Board's action on the ground that it interferes with the proper functioning of the Stock Exchange as a free market reflecting the forces of supply and demand.

Mr. Funston's statement read as follows:

"The Federal Reserve Board's decision to restrict further the amount of credit which may be used to purchase securities comes at a time when industry is seeking new funds to build new plants and equipment — at a time, in other words, when an active and liquid stock market is essential to the vitality of our economy. The effect of the increase, of course, will be to inhibit the proper functioning of the market and the free interplay of the basic law of supply and demand.

"It is the proper function of the Federal Reserve Board to prevent the excessive use of credit in the securities markets. We believe, however, that the evidence shows the amount of credit being used today is relatively small when measured by any reasonable yardstick.

"The amount of money borrowed to purchase securities on margin — known as customers' net debit balances—totaled $2.2 billion at the end of November, the latest figures available. That represents less than 1.4% of the market value of all listed stocks on the same date; it compares with the $29 billion outstanding in consumer credit.

"Another important figure is the relationship between the volume of trading and the number of shares listed on the exchange. For all of 1954 the ratio turnover to listed shares was about 19%, which compares with the average of 16% for the last eight years. During the eight-year period, however, the number of shares on the Stock Exchange list more than doubled. Even more illuminating perhaps, is a comparison of the 1954 ratio of 19% with the average of 8?% for the past 55 years.

"While I am sure the Federal Reserve Board's decision today reflects its responsibility, as the board sees it, it is hard to understand how they possibly could have concluded credit being used in the market today is excessive. I hope the board will soon see fit to return the credit rate to a level where it will be most beneficial to the nation's industry and to individual investors."

McCormick's Statement

Edward T. McCormick, President of the American Stock Exchange, commenting on the Federal Reserve's action, issued the following statement:

"I am indeed surprised to learn of the action of the Federal Reserve Board in raising margin requirements It has always been my understanding that such requirements were designed to prevent the unhealthy use of credit in the securities market. The amount of credit now used in the market is a matter of public record and cannot by any stretch of the imagination be considered high or unhealthy."

The higher margin requirement will govern stock loans by both brokers and by banks, and apply to purchases and to short sales.

The Federal Reserve raised the requirements by amending its Regulations T and U. These control the stock credit activities of brokers and banks, respectively.

R. L. Weissman Joins W. E. Hutton Co. Staff

W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Rudolph L. Weissman has become associated with the firm as a member of the analytical staff. Mr. Weissman was formerly with Franklin, Cole & Co., Inc.

THE MARKET . . . AND YOU

By WALLACE STREETE

Some wild gymnastics by General Motors and DuPont, which holds about 22% of the GM stock, plus the nominal hike in margin requirements ushered in a new year of stock trading this week in a sort of frenzied manner. Right as the new year dawned the issues put on spurts that were truly sensational, GM soaring better than nine points in a few trading hours and DuPont only a point or so behind.

* * *

Much of the interest stemmed from a wildfire rumor that a new stock dividend was in the offing for GM which last split its shares in 1950. The market strength was such that even the unbelievers were half convinced before the flurry died out. But from the directors' meeting came, not a dividend, but a dilution of the outstanding stock by another 4,400,000 shares—$325,000,000 worth—through a rights offering to holders. It would boost GM shares to nearly 93,000,000 shares, far and away the largest number of shares around in any one corporation.

* * *

The initial reaction was one of acute disappointment that upset the entire market for a spell. At worst, GM gave up nearly all of its improvement before it found enough support to put on a better mien. DuPont followed along dutifully for the most, in a quieter and narrower path.

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Caution Prompted

The entire affair added more caution to the rather large stock of the commodity already around. To some of the market students the crack was ominous, such as those in the past that have signaled an approaching end to a bull swing.

* * *

To the optimistic element, the way the list regained its balance after the initial shock waves was an indication of underlying stability only slightly dented by excesses in a couple of issues.

* * *

Whichever view ultimately prevails, the general list showed all the earmarks of the cautious air and trading in the routine issues was a bit on the nervous side. For some of the recently popular rails where present earnings aren't the basic factor in their runups, mild retreats were in order, notably in New York Central. In a couple of issues where stock split hopes came true, notably Cleveland Electric Illuminating and Caterpillar Tractor, good progress was the rule.

* * *

Rails, anticipating a rather poor crop of annual reports, were inclined to hug the sidelines. Kansas City Southern and Southern Pacific at times were in favor and responded well. Coast Line also had moments of demand. The most impressive action on the part of the carriers generally was the way they ignored the seesawing of the industrials and particularly their immunity to the selling drives.

* * *

Record Volume

For the brief span of the year so far a couple of records have already been broken. One day's volume of more than 4½ million shares was the highest since 1950. The industrial average, too, was able to nudge its all-time peak a rung higher. The broadest one-day's list in history was posted when 1,279 issues appeared on the tape. Volume last year crossed the 4,000,000 mark twice; it equalled that performance in the first two days this year.

* * *

Aircrafts, which a year ago were generally regarded as at the end of the road, only to forge out among the best acting groups of the 1954 market, have yet to show any definite convictions. Douglas, probably because it had done so well last year, was a particular target when selling was around and some of its declines were wide; but while it managed to show good recovery when the pressure lifted, it has yet to do any serious jousting with its 1954 high.

* * *

Electronics Revive

Electronic issues, without too much specific to propel them, managed to come to life to a degree which is a new note, since they have been sluggards for many trading sessions. General Electric joined in willingly and already is in the records with a new 1955 high after it, too, had been a rather undistinguished member of the blue chips for weeks. That its strength came out when selling was rampant was that much more in its favor.

* * *

Steels ran into a bit of stormy weather after they had not only closed out 1954 by taking over leadership on strength but had contributed valiantly to the surge that got the new year off to a good start. Republic Steel was a bit reactionary which was entirely logical since it was among the better-gaining issues of last year with a round three dozen point improvement.

* * *

Western Union, which also added around three dozen points last year, for almost a 100% improvement, saw no reason to rest and it was able to keep up the steam and carve out some wide gains right in the middle of selling.

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There has been a rather marked activity so far in the normally inactive and high-priced issues, with such infrequent traders as Mahoning Coal, New York & Harlem, Superior Oil—even the Cuban American Sugar preferred which hadn't traded all last year — already on the tape. Some of these, naturally, posted some erratic movements which is their wont. The more frequent appearers on the high-priced end, U. S. Gypsum, Rohm & Haas and International Business Machines, provided little in the way of features.

* * *

Allied Chemical continued to lag somewhat in the chemical section which, apart from DuPont, wasn't offering much for the limelight. Allied put two losing sessions together to start off the year, which isn't among the better performances around.

* * *

Oils also were somewhat desultory, although Standard Oil of Jersey was able to start off with an unusually wide gain and hold it through subsequent selling elsewhere. Texas Gulf Producing and Houston Oil on occasion were on the other side of the fence with some multi-point declines before support bobbed up.

* * *

Stores Act Better

Store stocks were better acting and showed signs of a still-mild, but new popularity. Eastman Kodak was also in better-than-average form and was able to post a brand new 1955 high for itself. The long-depressed textiles showed stirrings on the strength side, including good strength in American Woolen when pressure was on elsewhere that enabled it to toy with its best price in 12 months.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Correction

The Dec. 23 issue listed a financial study of the domestic airline industry as being available through Henry Beecken and Associates, aviation consultants, 1333 G Street, N.W., Washington 5, D. C. It would appear from this listing that this report is available without cost, which is in error.

The survey is a comprehensive study of the domestic airline group and includes detailed financial studies of American Airlines and Capital Airlines. The cost of the survey is $20 per copy.

Continued from page 3

A Year-End Review and Forecast

non-durable goods and services, and the unbroken advance in private construction.

The durable goods manufacturing industries felt the brunt of the impact of these shifts as the decline in military purchases, the shrinkage in consumer and business demand for durable goods, and the contraction in business inventory demand, converged largely upon them. This is the chief explanation of the decline in steel ingot production from 112 million tons in 1953 to 88 million in 1954.

Consumer purchases of non-durable goods aggregated $120 billion, or about 1% more than in 1953. Personal expenditures for services maintained their steady growth trend. With prices slightly higher — especially for services, and notably rent — the aggregate physical quantities of goods and services bought by consumers were approximately the same as in 1953. As population continued its marked expansion, the per capita figure was somewhat lower.

The nation continued in 1954 to add to its stock of productive capital. Private fixed investment was virtually unchanged from the record 1953 volume, with residential construction up by an amount equivalent to the reduction in plant and equipment investment. The latter centered in purchases of producers' durable equipment which, at $22 billion, were about 10% less than in 1953.

Notable Year for Construction

Total expenditures for all new construction, both public and private, rose from $35.3 billion in 1953 to $37 billion in 1954. Even after allowing for rising construction costs, construction put in place in 1954 was the highest on record.

Private construction was especially active with residential building accounting for a little more than half of the total. New dwelling units started during the year numbered 1.2 million, second only to 1950. Private non-residential construction also increased strongly from 1953.

The value of public construction reached $11½ billion in 1954, as compared with $11.4 billion in 1953. Construction of public educational buildings and of highways was particularly strong because of the urgent need for new classrooms to keep up with population growth and for new highways to take care of the marked expansion of the number of vehicles on the roads.

Production Off More Than Final Demand

Production was lower in 1954 than final demand as inventories were reduced. Most of the reduction was in manufactured goods, and industrial output in 1954 was off 7% from the 1953 volume. The diminished rate of productive operations lowered labor requirements somewhat so that manufacturing employment averaged 1¼ million less in 1954 than in 1953 and total non-agricultural employment was 3% lower. In manufacturing, the average workweek in 1954 was almost an hour less than the 40.5 hour average of 1953.

The growth in the labor force at a time when employment was contracting resulted in some increase in unemployment. As reported by the Bureau of the Census, unemployment averaged about 5% of the civilian labor force, or 3.3 million persons during the past year, but in the later months of the year dropped below this average.

Personal Income Maintained

The flow of personal income was maintained at the 1953 level notwithstanding the retarded pace of industrial production and employment. Although fewer manhours were worked, wage rates continued to advance in most lines, so that the reduction in total payrolls was moderate. Average hourly earnings in manufacturing industries advanced about 2%; pay rates in other industries were also adjusted upward. Furthermore, the pay lost by unemployed workers was partly offset by higher unemployment compensation benefits.

Income of farm proprietors was lower than in 1953, while the income of proprietors of other types of unincorporated enterprises was well maintained and the rental income of persons continued to advance. In addition, aggregate net interest payments received by individuals expanded appreciably. The flow of corporate dividends also rose despite a pronounced reduction in corporate profits before tax, as the elimination of the excess profits taxes cushioned the impact on after-tax profits. Since the increases in some forms of income compensated for the decreases, the total flow of personal income remained unchanged at $286 billion.

Because lower tax rates were effective in 1954, personal tax and nontax payments were lowered by about $3 billion as compared with 1953. Personal disposable income in 1954 was higher than in the year before by the amount of the tax reduction.

Situation at the Year-End

Toward the year's end, production and employment were again rising. Heavy motor vehicle production, accompanying the early introduction of new models, has been a central factor in the expansion.

The position of the economy and the general tendencies at year end are illustrated by the following items:

(1) Industrial production has advanced. Including an estimate for December, and allowing for the usual seasonal increase, it was about 4% higher in the final quarter of the year than in the July-September period. Renewed placement of defense contracts has contributed to an advance of new orders of manufacturers in recent months.

(2) Employment has increased in recent months. Seasonally adjusted employment in all non-agricultural establishments was a third of a million higher in the closing months of the year than at last summer's low point.

(3) Businessmen have indicated that 1955 will start with a continued high rate of outlays for plant and equipment. However, the downdrift in this type of investment throughout 1954 is expected to be extended in the early months of the coming year.

(4) Residential construction is rising steadily and on the basis of the high rate of starts and mortgage applications this industry will get away to a strong start in 1955.

Finally, I wish to emphasize certain simple but important business facts.

Our people continue to grow in numbers. In the year just ended, 2.8 million persons and half a million new households were added to the population of continental United States. We are now a nation of 164 million, living in over 47 million households.

With disposable personal income now running at a record rate, our people in their capacity as consumers have the opportunity to improve their high standard of living. Consumers' aggregate demands, bolstered by the sustained high volume of business investment, will offer opportunities for expansion and profit to producers and merchandisers alert to the potentials which our vast market affords.

Economist Sees Stock Prices in Favorable Relationship to Earnings and Dividends

Harold E. Aul, Vice-President of Calvin Bullock, says despite negative factors, business will show gain in 1955.

Summarizing the negative and positive factors in the market outlook, Harold E. Aul, in charge of investments for mutual funds with assets exceeding $300 million, points to the level of the market as the principal negative factor.


Harold E. Aul

"With the Dow-Jones industrial average above 400, common stock prices are currently well above any peaks previously attained," Mr. Aul, who is a Vice-President of Calvin Bullock, said in a year-end statement. "On this basis the market must be said to have entered a speculative zone where careful and informed selection carry a higher premium than ever before. Many stocks are selling at prices which liberally discount future prospects considering the fact that they are selling at a high multiple of current earnings and that these earnings derive from a relatively high level of economic activity.

"Moreover the present high level of economic activity rests on certain artificial foundations including the current high level of private debt and heavy expenditures for security which presently constitute about 15% of the Gross National Product. Total private debt has risen by 40% since 1950 and is now about two and a half times the level of 1945. However, total private debt, at 11% of current national income, is still far below that of 1929 and well below 1940.

"Despite these considerations the positive factors continue to appear compelling and I believe that the present environment of common stock investment can be regarded as favorable. Despite the fact that certain individual stocks appear to be liberally discounting the long future, common stock prices as a whole continue to bear an historically favorable relationship to earnings and dividends. The Dow-Jones industrials are currently selling at about 14 times estimated 1954 earnings. This is well below the ratios reached in 1929 and 1937 and, indeed, the average ratios of the late 1930's. Common stock yields, moreover, still bear a reasonable relationship, historically, to long-term interest rates.

"Common stock prices currently reflect not only the depreciation of the dollar since 1929 and 1937, but the vast expansion of the economy in that period accompanied by a market and expanding increase in the earnings of major corporations. As contrasted with previous periods, the common stock market at this time possesses strong investment characteristics. The market continues to be largely on a cash basis and its strength reveals the heavy flow of savings through the channels of institutional investment.

"The business outlook over the coming year is distinctly favorable and there is, present today clear evidence of a strong recovery from the minor recession of early 1954. The present outlook for the heavy industries, particularly construction, automobiles and steel is favorable, consumer buying is in a rising trend, and inventory liquidation appears to have about run its course. It now seems probable that the Gross National Product in 1955 will approximate $365 billion, which was the all-time record established in 1953. On this basis an overall increase in corporate income of approximately 10% is a reasonable expectation for the coming year."

Economy Held More Resistant to Boom and Bust

Dr. T. O. Yntema, Vice-President in Charge of Finance of Ford Motor Company, gives six factors underlying the stability of the American economy.

According to T. O. Yntema, Vice-President in Charge of Finance, Ford Motor Company, Dearborn, Mich., the American economy is much more resistant to "boom and bust" than it was 25 years ago. In an address at the National Credit Conference of the American Bankers Association in Chicago, Dr. Yntema attributed the stability of the American economy chiefly to the following factors:


T. O. Yntema

(1) A decline in incomes is automatically cushioned through reduced tax revenues and through additional payments for unemployment compensation and farm price supports.

(2) Spendable income can be further supported by reduction of tax rates when necessary.

(3) The debt structure is much sounder.

(4) The money and banking system is not subject to collapse.

(5) Many business firms are gearing their capital expenditures to the longer run market than to short-term fluctuations in demand.

(6) Important advances in economic know how have been made in the last generation. We now have a better understanding of the effects of stabilizing measures and a greater willingness to use such measures.

Most of these factors, Dr. Yntema pointed out, operate to check inflation as well as depression.

"In the nine years since the war," Dr. Yntema said, "we have had an unparalleled period of prosperity and expansion. This period is notable for the snuffing out of inflation in 1948, for the resilience of the economy in the reaction in 1949, and particularly for the resistance to decline in 1953-54.

"In 1953-54," he said, "disposable personal income actually increased. Durable goods production held up far better than in earlier declines. Construction moved to new highs. Passenger car sales remained at high levels, and consumer reception of the 1955 models has been excellent."

With business activity again expanding, the Ford executive stated that the economy is now on a sounder base for long-run expansion than in earlier postwar years. It is no longer dependent on an abnormal backlog of demand for goods or an expanding defense program.

Finding Fortunes

By ROGER W. BABSON

Mr. Babson, pointing out "worthless" stock may become valuable, advises against throwing away any stock certificate whether it is declared "valueless" or not. Calls attention to old shares of abandoned mines which may have some value because of uses made of the land. Says uranium may be found on location of abandoned properties. Urges public not to sell defaulted bonds.

I hear that for every 50 "worthless" stock certificates which a broker buys, 49 are now worthless; but one is worth perhaps $1,000. This would be a certificate which some company needs in order to dissolve or consolidate without any outstanding obligations or complications.


Roger W. Babson

Of course, it would be unfair to my readers for me to advise them what to do. But, I do urge you to throw nothing away which looks like a stock certificate even if your father or brother says it is "valueless and just cluttering up his desk or safe deposit box." Please do not send me any certificates to look at, but show them to your regular banker, if you wish.

Uranium Is Recovering Values

Most of these "worthless" certificates in your attic or desk drawers are of old mining companies. They may never have been any good, or are of mines which have completely "petered out." The company did not have the money to dissolve legally, but some rancher has paid the taxes for the privilege of using the land for pasture. Hence, the company was forgotten after the stockholders were told it was no good.

The land is still useless for getting gold or silver, copper or lead; but uranium may have been found! As a result, the land could increase in value in one week from $5.00 per acre to $50,000 per acre! Some old-timer who remembers the old company has found a list of the old stockholders and has written them a letter offering $10.00 a share. As the envelope containing these certificates was marked "valueless," the family sold them for $10.00 per share while today they are really worth $1,000 a share.

Stockholders Too Often Move Away

When you move from one house to another and especially from one city to another, be sure to write the company in which you hold any stock of your new address. Don't ever look at a "valueless" certificate and say it is not worth a 3-cent postage stamp and the time required for writing such a letter. After too many changes of address, your envelope comes back marked "unknown" and the company marks you "dead."

One of the companies in which my family has very large holdings (United Stores Common, selling on the American Stock Exchange for $3 to $4) has nearly 100 such stockholders who cannot be located. Perhaps you are one of these stockholders. There probably are hundreds of other companies just like United Stores. This stock could easily double or treble in value.

Never Sell Defaulted Bonds

When a stock stops paying dividends the price of the stock may gradually decline, but no one gets panicky. The stockholders hope for a resumption of dividends. When, however, a bond defaults—especially a foreign bond—most bondholders think this is the end. The price of the bond then suddenly drops from around par to 50 cents on the dollar. Discouraged bondholders have rushed to sell their bonds and the price has dropped to 20 or even less. But, in the course of years, many of these bonds returned in value to $1,000.

Some of the hotels in the famous Sheraton Chain were built in the gay nineties. The bonds were sold for $1,000 each. Then they defaulted and kicked about at perhaps $200 for years. Finally, one of Boston's most courageous financiers, Ernest Henderson, had faith in the hotel business and bought up these bonds. They have since been paid off at par.

David Ligon Appointed By Brown Bros. Co.

The private banking firm of Brown Brothers Harriman & Co., 59 Wall Street, New York City, members of the New York Stock Exchange, announces the appointment of David S. Ligon as an assistant manager. Mr. Ligon has been with the firm since 1943 and has been head of its tax department since 1944. He is a past chairman of the Committee of Banking Institutions on Taxation, New York City, and has served on the executive committee of that organization for the past eight years. He is also a former chairman of the New York Committee of Brokers and Dealers on Taxation.

Mr. Ligon was graduated from the Law School of George Washington University in 1935 and has been admitted to practice before the United States Supreme Court, the Tax Court of the United States and the Treasury Department.

Cyrus Lawrence Sons Celebrates 90 Years

Cyrus J. Lawrence & Sons, 115 Broadway, New York City, members of the New York Stock Exchange, observed the 90th anniversary of the founding of the firm on Dec. 31.

In the span of 90 years of operations in the securities industry, the firm has had only 22 partners, including the present partners, who are Homer J. Vilas, Theodore D. Carlson, Howard K. Halligan, Oliver D. Appleton, Alexander B. Johnson and Jeremy C. Jenks.

The stock brokerage organization also holds memberships in the American Stock Exchange and the National Association of Securities Dealers, Inc.

Gillespie Partner in Carl M. Loeb Rhoades

Kenrick S. Gillespie has been admitted to general partnership in the firm of Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange. Mr. Gillespie is Manager of the firm's investment advisory department.

With Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gordon A. Neal is now associated with Lee Higginson Corporation, 231 South La Salle Street.

"Stability Is Good Enough"!

By LEO CHERNE*

Executive Director, Research Institute of America

Mr. Cherne points out the 1955 danger is not depression, but rather a possible loss of confidence as we hug the line between recession and full employment. Contends the distance between stability and even an unprecedented boom is a small one in view of the vast amount of liquid savings.

The best economists can do is to ...ze up the mathematical probabilities. According to those mathematical probabilities, 1955 will be a year of stability, of very modest growth in national performance, of continuing unemployment, neither boom nor bust—stability.

Leo M. Cherne

Yet at the same time the volume of unspent liquid savings in the hands of American consumers is close to an all-time peak. This is a measure of industry's inability to motivate consumption.

The distance between stability and even unprecedented boom is a small one in view of the liquid savings which exist. (Individuals savings, recorded at $201 billion in 1953, were close to an all-time peak at the end of 1954. The annual rate of personal savings by families alone for 1954 is estimated at $20 billion.)

Dynamism, energy, imagination, aggressive sales and promotion can turn a year of stability into a year of unequaled performance.

When we economists say: "A very modest growth," we are saying we don't expect that kind of energy. We are saying that but for firms and industries which are exceptional, the performance of American industry by and large will be a lazy one, assured as it has been of no difficulty ahead despite increased competition, assured by and large of substantial profit and consumption.

Preoccupation with co-existence will diminish in the White House. It is clear there is trouble within the Kremlin although its nature and outcome are completely speculative. And it is equally clear that stability between the Western World and the Soviet bloc is not in the cards. There has been an excessive though understandable preoccupation with France and Germany's passing the Paris pacts. The real difficulty is likely to begin after passage.

Selling and promotion nowhere near match the inventiveness and dynamic drive which on the technical side of industry is producing an industrial revolution, exemplified by electronic memory computation and automation.

The averages mask considerable difficulties for individual industries and fluctuations within the year even for industries which are in high gear. Stability is an average. The averages include a great deal of woe.

We have an enormous amount of unused opportunity. We can expect very pronounced additional competition for all industry.

One reason industry cannot be content with a level of unemployment which ranges between 3 and 4 million despite high profit, boom in the securities markets and moderate increase in national production is this—It doesn't take much unexpected to go wrong to increase unemployment from 4 to 6 million. At 6 million unemployment begins to have a real compounding effect and to seriously threaten industrial confidence itself.

The danger is not depression. That is out of the picture entirely for 1955. The danger is possible loss of confidence as we hug the line between recession and full employment apparently unable to get off, while productivity and population increase continue to pump additional hundreds of thousands into the labor market.

There actually will be sharper fluctuations within the economy this year than there were in 1954, even though the overall picture will be somewhat better. I warn of sharp seasonal swings, hot competition, regional differences and unexpected veerings.

Yet, the country offers the most exceptional market which has ever existed. Energy, imagination and aggressive sales could turn the anticipated year of stability into a year of unequaled performance. When we economists predict a modest economic growth, we are saying that the performance of American business by and large will be a lazy one.

*From an address by Mr. Cherne before the Sales Executive Club of New York City, Jan. 4, 1955.

Stein Roe & Farnham Admit Odt, Sondheimer

CHICAGO, Ill. — Sydney Stein, Jr., of the Chicago investment counsel firm of Stein Roe & Farnham, 135 South La Salle Street,

Alden L. Odt   Joseph Sondheimer

has announced that two executives of the firm, Alden L. Odt and Joseph Sondheimer, were made partners on Jan. 1, 1955.

Mr. Odt, who has been serving in the capacity of account executive as well as treasurer of The Stein Roe & Farnham Fund Incorporated, joined the firm in 1937. Prior to that he was associated with The First National Bank of Chicago.

Mr. Sondheimer has been a research analyst since he became associated with Stein Roe & Farnham in 1946. After graduation from the Harvard Business School in 1942 he served briefly as a consultant with the Office of Civilian Defense before entering the Army.

Yarnall, Biddle Adds

PHILADELPHIA, Pa.—Yarnall, Biddle & Co., 1528 Walnut Street, members of leading stock exchanges, announce that Thomas Fisher, Jr. is now associated with their firm.

Expanded Financing Activities Planned by Government Development Bank for Puerto Rico

During past fiscal year 77 loans were approved for various projects. Trends in Commonwealth's economy since 1940 depicted.

The Government Development Bank for Puerto Rico plans to pursue an aggressive loan policy this coming year in providing funds for the development of Puerto Rico's economy. In the Bank's annual report for the past fiscal year, just issued, Guillermo Rodriguez, President, states that expanded lending activity covering various fields of term financing is contemplated.

Dollarwise, the report shows the amount of loans disbursed for industrial purposes in the 1953-54 fiscal year was approximately the same as that for the previous period. Of 58 loans disbursed during the year, locally capitalized ventures received 44 in the sum of $1,670,14? or 68% of all disbursements.

During the fiscal year which ended June 30, 1954, 77 loans were approved for various projects such as industrial buildings, hotels, manufacturers of plastic products, electrical and motor products, construction materials, medicinal and ophthalmic products, garments, and furniture and accessories to the total amount of $4,470,500.

In addition to being a source of loans to private industry, especially to companies which require loans of too long a term to be suitable for the portfolios of commercial banks, the Government Development Bank for Puerto Rico is fiscal agent for the Commonwealth, and for various authorities and municipalities of Puerto Rico.

It also provides leadership in the expansion and development of the financial aspects of Puerto Rico's economy. The Bank maintains a strong financial position. The statement of condition as of June 30, 1954 shows total resources of $49,812,601 including $27.3 0821 U. S. Government securities; $3,642,261 Commonwealth of Puerto Rico and municipal securities: $3,860,720 Instrumentalities of the Commonwealth; and $2,493,515 cash.

The Bank coordinates its activities with the Economic Development Administration which is an agency of the Commonwealth Government; the Puerto Rico Industrial Development Company and commercial banks on the Island and the Mainland.

Among the data contained in the report is the following analysis of economic trends in the period 1940-1954:

Significant Facts on the Economy of the Commonwealth of Puerto Rico

		Fiscal Year Ended June 30 1940	1948	1954	% Incr. During 1940-54
Population	millions	*1,878	2,151	2,239	19.2
Life expectancy	years	46	57	*61	32.6
Death rate (per 1,000 inhabitants)		18	12	7.6	—57.8
Gross Product	$ millions	277	750	1,186	328.1
Net income	$ millions	228	612	970.7	325.7
Net income per capita	dollars	122	289	435	256.5
Net income from agriculture	$ millions	70.5	150.0	168.0	138.3
Net income from manufacture	$ millions	26.4	78.0	143.2	442.4
Estimated value of building permits issued	$ millions	7.8	39.6	56.3	621.8
Bank assets	$ millions	93.4	362.0	391.1	318.7
Bank debits	$ millions	73.1	211.7	355.9	386.8
Bank deposits (incl. govt.)	$ millions	76.4	273.6	300.6	293.4
Private bank deposits	$ millions	49.2	160.0	212.8	332.5
Private savings	$ millions	17.4	50.2	70.9	307.5
Bank loans	$ millions	31.1	124.8	194.6	525.7
Value of shipments to and from mainland U. S.	$ millions	191.4	522.0	871.9	318.5
Shipments of sugar & molasses	$ millions	58.9	125.2	135.1	132.9
External passenger traffic		51,755	253,728	561,835	985.5
Revenue and receipts of the Commonwealth Govt. (excl. grants)	$ millions	25,952	89,171	139,470	437.4
Income tax collections	$ millions	2.2	26.4	33.5	1,422.7
Enrollment in public schools		286,113	377,349	505,151	76.6
Paved roads	kilometers	2,394	3,147	4,026	68.2
Motor vehicles licenses		26,847	46,157	90,115	235.7
Electricity generated	millions kwh.	161.2	451.2	853.2	429.3
Legal debt incurring margin of Commonwealth Government	$ millions	31,189	40,215	87,531	180.7
Assessed value of property	$ millions	311,803	402,153	875,313	180.7

*Decennial Census.

SOURCES: Division of Statistics; Bureau of the Budget: Statistical Yearbook. Economic Development Administration; Annual Report, Secretary of Finance; Planning Board; Department of Public Works.

Elco Common Stock Offered at $2 a Share

S. D. Fuller & Co. and J. B. Boucher & Co. are offering publicly 149,500 shares of Elco Corp. common stock (25 cents par value) at $2 per share.

Of the proceeds of the sale, the company will use approximately $125,000 for additional equipment and tooling for new products, with the remainder being used for working capital.

The company manufactures a complete line of miniature and sub-miniature sockets, shields, binding posts and connectors at its plant in Philadelphia. These products are used in electronic components which, in turn, are used in electronic calculators and "brains," radar, television, microwave relay systems, industrial controls and guided missiles. Its customers include practically all of the leading concerns in the electronics industry.

For the fiscal year ended June 30, 1954 sales of Elco Corp. were $1,863,030 and net income was $54,977. For the fiscal year ended June 30, 1949 net sales were $89,093 and net income was $7,422.

Giving effect to the current issue, sole capitalization of the company consist of 373,750 outstanding shares of common stock.

Jonas Andersen Is Kuhn, Loeb Partner

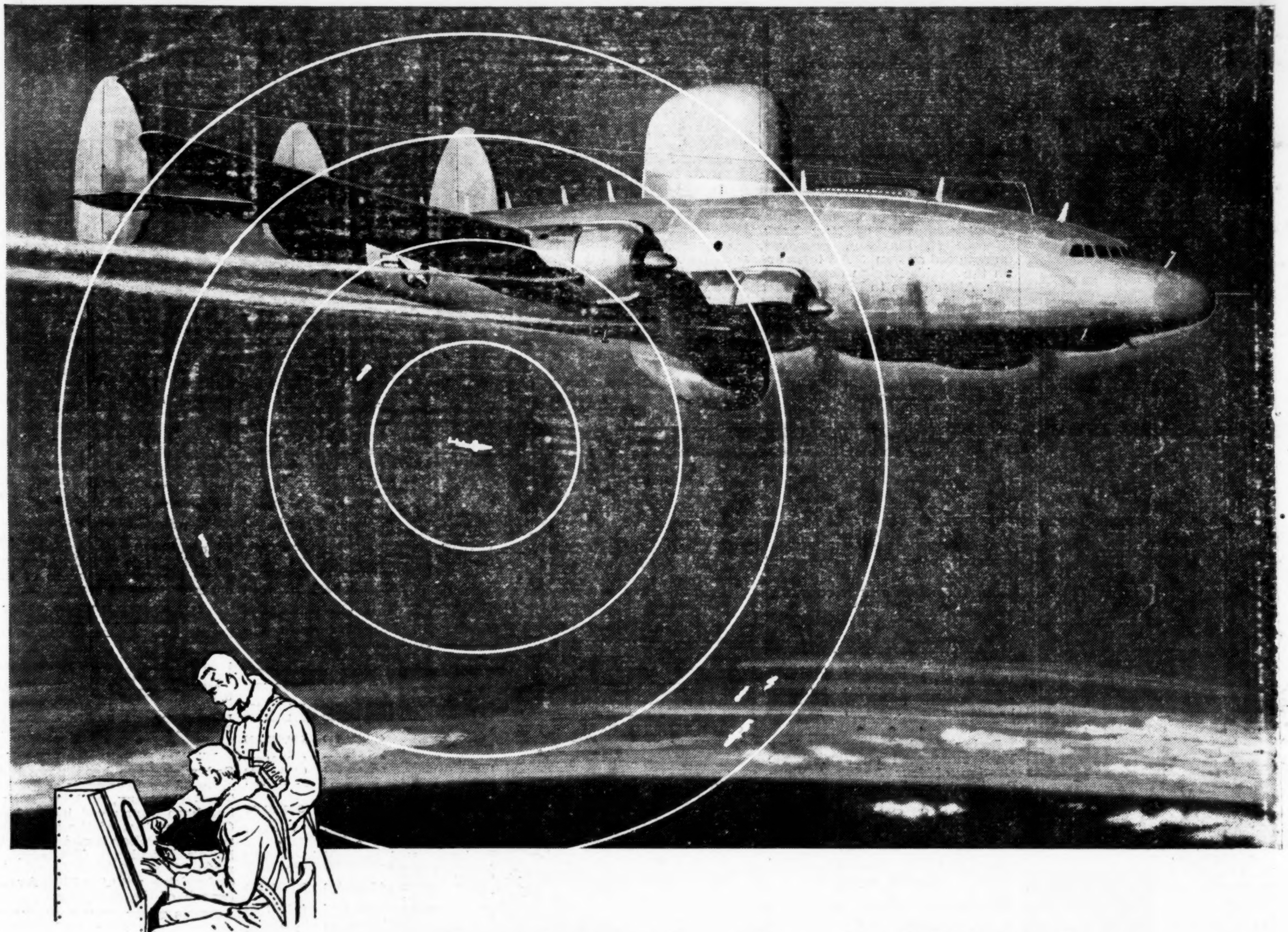
Jonas C. Andersen, who has been associated with Kuhn, Loeb & Co., 52 William Street, New York City, members of the New York Stock Exchange, for a number of years as Manager of the Municipal Department has been admitted to the firm as a general partner.

Power of Attorney (jointly with any other authorized individual) has been granted to Edgar B. Michel and H. Spottswood White.

Stanley N. Hess has retired after almost 50 years of association with Kuhn, Loeb & Co.

Edward P. Fitch Opens

NASHUA, N. H. — Edward P. Fitch is conducting an investment business from offices at 9 Sherman Street.



NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Guaranty Trust Company of New York announces the appointment of Ralph E. Kimpel as a Vice-President, foreign depart-

Ralph E. Kimpel Herbert P. McCabe

ment, and of Herbert P. McCabe as a Vice-President in the public utilities division of the banking department. Other new Guaranty promotions announced January 4 are the following:

Ferdinand H. Brewer, Theodore H. Mengel, Jr., and Stephen Valentine, Jr., Second Vice-Presidents; Richard F. Dundore, Assistant Treasurer, and Philip J. Engel and Knud H. Trudso, Assistant Secretaries.

GUARANTY TRUST COMPANY OF NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	3,094,206,063	3,071,966,441
Deposits	2,600,445,256	2,613,811,701
Cash and due from banks	547,650,052	745,287,051
U. S. Govt. security holdgs.	990,949,762	910,721,574
Loans & discts.	1,369,320,780	1,253,012,769
Undivid. profits	100,598,028	101,464,703

* * *

Advancement of Dale E. Sharp, Vice-President, to become associated with General Management of **Guaranty Trust Company of New York**, was announced on January 5 by J. Luther Cleveland, Chairman of the Board. Mr. Sharp has been associated with the Guaranty Trust Company since 1931 and has been a Vice-President since 1942, in

Dale E. Sharp

charge of the Company's banking relationships in the States of West Virginia, Ohio, Illinois, Michigan, Indiana, Minnesota, Wisconsin, and Iowa.

* * *

Three new members have been elected to advisory boards of **Chemical Corn Exchange Bank, of New York** it was announced on December 30 by N. Baxter Jackson, Chairman. Walter L. Schaffer, senior partner of **Lybrand, Ross Bros. & Montgomery**, has been elected to the board of the bank's 46th Street at Madison Avenue Office; Paul J. Timbal, President of **French American Banking Corporation**, has been elected to the bank's Rockefeller Center Office at 11 West 51st Street, and Oliver S. Swensen, Vice-President of **Equitable Life Assurance Society of The United States** has been elected to Chemical Corn Exchange Bank's 34th Street at Fifth Avenue Office.

CHEMICAL CORN EXCHANGE BANK

	Dec 31, 1954 $	Oct. 15, 1954 $
Total resources	2,901,737,163	2,900,369,499
Deposits	2,624,475,494	2,642,439,903
Cash and due from banks	647,566,436	730,304,475
U. S. Govt. security holdgs.	828,967,349	847,909,131
Loans & discts.	975,580,137	938,882,934
Undivid. profits	19,059,617	17,697,685

Erving H. Adler, Hans G. De Haas and Dimitry V. Lehovich have been appointed Assistant Vice-Presidents of **Manufacturers Trust Company, of New York**, Horace C. Flanigan, President, announced on Jan. 3 All three are in the bank's foreign department. Mr. Alder came to Manufacturers Trust in 1941 after experience with European banks. He is assigned to the Central European Division and is Secretary of the American Committee for Standstill Creditors of Germany. Mr. De Haas sutdied in Europe before joining the bank in 1940. He is head of the Foreign Credit Division. Mr. Lehovich has been with the company since 1928 and is in charge of the Foreign Trade Development Division. He is also an area executive, his territory being the Near East and a portion of Europe. On leave of absence from the bank during World War II, Mr. Lehovich served as Assistant Finance Officer for the U. S. Commercial Company, a Government agency of economic warfare.

MANUFACTURERS STRUST COMPANY, NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	3,052,678,274	3,002,165,624
Deposits	2,801,859,811	2,755,226,656
Cash and due from banks	883,150,007	847,343,976
U. S. Govt. security holdgs.	985,651,523	944,826,937
Loans & discts.	830,056,311	845,093,173
Undivid. profits	38,823,757	35,759,785

* * *

Irving Trust Company of New York announced on Jan. 3 the election of four Assistant Vice-Presidents and seven Assistant Secretaries. Charles M. Applegate, Alexander S. Cunningham, Eugene D. Dixon, and Charles E. Rogers were named Assistant Vice-Presidents. Carl Biebers, Jr., William L. Carlisle, Henry C. Farrand, Richard W. Goslin, Jr., William A. Moller, Joseph W. Walker and Joseph W. Welsh were elected Assistant Secretaries.

Mr. Applegate, who joined the Company in 1939, is a loaning and customer contact officer at the Irving's Empire State Branch Office. Mr. Cuningham came to the Irving in 1953 after banking experience in New York and Pennsylvania. He is a loaning and customer contact officer at the Irving's 39th Street Branch Office. Eugene D. Dixon, also a loaning and customer contact officer, is at the Irving's 46th Street Branch Office. Charles E. Rogers has been associated for many years with the Company's international banking activities and he has specialized in the financing of basic commodities in international trade.

Carl Beibers, Jr. and Joseph W. Welsh, both with years of experience in the international field, are members of the Irving's International Banking Division. William L. Carlisle and Richard W. Goslin, Jr. are on the staff of the Irving's Personal Trust Division. Henry C. Farrand is a member of the Irving's Woolworth Branch Office Staff. William A. Moller is located at the Irving's 46th Street Branch Office. Joseph W. Walker is associated with the Irving's 39th Street Branch Office.

IRVING TRUST COMPANY, NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	1,574,204,661	1,540,961,733
Deposits	1,406,781,695	1,390,358,758
Cash and due from banks	373,921,397	377,117,802
U. S. Govt. security holdgs.	445,395,005	441,185,214
Loans & discts.	620,263,230	610,466,222
Undivid. profits	19,224,787	18,918,833

The Chase National Bank of New York announced this week the following changes in the official staff:

Appointed as Second Vice-Presidents were Charles H. Banta, Foreign Department; Charles A. Manning, Trust Department, and Donald Scott, Jr., Petroleum Department.

Named Assistant Cashiers were John A. Pell, Petroleum Department, and Rembrandt P. Lane, Jr., Alden K. Small and Harold A. Young in the Out-of-Town District Organization.

George F. Burt, Ralph K. Pulis and Warren R. Witt were appointed Personal Trust Officers; Peter Heesch and Charles F. Sauer were made Assistant Managers in the Foreign Department, and Eugene L. Parker, Jr. was named Assistant Staff Counsel in the Legal Department.

* * *

E. Chester Gersten, President of **The Public National Bank and Trust Company of New York** announced on Jan. 3 the following promotional appointments: J. Harold Rodman of the 39th St. and 7th Ave. Office, formerly Assistant Cashier, was appointed Assistant Vice-President, and Mack Godsick of that office, Leon Glackman of the Broadway and 24th Street Office, and John B. Nelson of the Main Office were appointed Assistant Cashiers.

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	564,344,125	515,560,727
Deposits	507,490,150	458,450,175
Cash and due from banks	139,627,060	109,302,278
U. S. Govt. security holdings	86,145,905	79,102,361
Loans & discounts	299,274,599	284,856,965
Undivided profits	11,274,205	11,113,984

* * *

CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	$ Dec. 31, '54	$ Sept. 30, '54
Total resources	5,908,131,518	5,573,758,743
Deposits	5,378,938,699	5,072,422,489
Cash and due from banks	1,445,717,409	1,279,235,787
U. S. Govt. security holdgs.	1,435,026,215	1,382,838,871
Loans & discts.	2,256,656,570	2,134,914,827
Undivid. profits	47,264,940	64,679,889

* * *

J. P. MORGAN & CO., INCORPORATED, NEW YORK

	Dec. 31, '54 $	Sept. 30, '54 $
Total resources	839,595,862	817,270,678
Deposits	744,600,064	728,468,419
Cash and due from banks	188,883,571	173,037,741
U. S. Govt. security holdgs.	177,226,641	242,523,346
Loans & discts.	360,841,485	292,171,645
Undivid. profits	11,371,228	16,042,276

* * *

FIRST NATIONAL BANK AND TRUST COMPANY, PATERSON, N. J.

	Dec. 31, '54 $	June 30, '54 $
Total resources	214,030,369	209,262,145
Deposits	196,959,434	192,785,402
Cash and due from banks	31,475,679	32,536,883
U. S. Govt. security holdgs.	58,400,235	52,724,086
Loans & discts.	36,716,665	35,078,162
Undivid. profits	4,159,821	3,799,643

* * *

KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	Dec. 31, '54	June 30, '54
Total resources	$60,892,837	$62,991,077
Deposits	51,381,519	53,323,840
Cash and due from banks	10,770,686	11,061,806
U. S. Govt. security holdings	12,817,762	14,677,288
Loans & discounts	13,630,044	11,542,607
Undivided profits	882,213	1,024,031

* * *

CITY BANK FARMERS TRUST COMPANY NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	143,162,206	141,800,281
Deposits	105,075,462	103,931,936
Cash and due from banks	27,596,547	26,799,340
U. S. Govt. security holdings	85,045,118	84,377,355
Loans & discounts	4,658,999	5,278,473
Undivided profits	12,037,611	12,614,112

* * *

THE NEW YORK TRUST COMPANY, NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	849,175,767	840,827,033
Deposits	751,495,215	746,875,405
Cash and due from banks	228,908,231	237,904,636
U. S. Govt. security holdings	259,569,835	250,110,569
Loans & Discounts	316,507,009	307,056,667
Undivided profits	16,512,489	16,203,912

At the regular meeting of the Board of Directors of **City Bank Farmers Trust Company of New York** held Jan. 4, Fred W. Ohmes

Fred W. Ohmes John Rulon-Miller

and John Rulon-Miller were appointed Vice-Presidents. Both were formerly Trust Officers. Mr. Ohmes is associated with the Technical Section of the Personal Trust Division and Mr. Rulon-Miller is associated with the Business Development Section. The following appointments were also announced: Paul Jacoby, Jr., Francis M. Pitt and Homer B. Williamson, formerly Assistant Trust Officers to Trust Officer; Bunnell T. Falconer from Assistant Secretary to Assistant Vice-President; Charles C. Goodfellow, Jr., Glen K. Green and Philip J. Orsi from Assistant Trust Officer to Assistant Vice-President; James E. Robertson from Assistant Secretary to Assistant Vice-President. Michael F. Ball was appointed an Assistant Trust Officer and S. Elliott Hume and Arthur B. Mittwoch were appointed Assistant Secretaries.

* * *

THE HANOVER BANK, NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	1,786,600,818	1,761,720,977
Deposits	1,590,583,753	1,574,689,126
Cash and due from banks	435,439,110	459,692,529
U. S. Govt. security holdgs.	585,783,352	557,224,619
Loans & discts.	642,404,803	638,175,943
Undivid. profits	23,623,004	20,721,437

* * *

BANK OF THE MANHATTAN COMPANY NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	1,668,200,344	1,493,883,378
Deposits	1,479,558,213	1,328,984,375
Cash and due from banks	441,568,353	378,584,245
U. S. Govt. security holdgs.	472,962,387	442,163,724
Loans & discts.	620,086,248	556,419,582
Undivid. profits	19,779,393	19,180,696

* * *

THE FIRST NATIONAL BANK OF THE CITY OF NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	713,252,770	703,429,265
Deposits	556,493,645	550,839,629
Cash and due from banks	142,001,478	152,139,101
U. S. Govt. security holdings	204,427,735	194,535,581
Loans & discounts	221,774,529	210,224,084
Undivided profits	13,225,026	13,266,903

* * *

BROWN BROTHERS HARRIMAN & CO. NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	239,616,364	227,506,244
Deposits	207,241,010	199,249,154
Cash and due from banks	55,196,899	50,807,085
U. S. Govt. security holdings	58,940,180	58,215,848
Loans & discounts	52,480,480	47,166,191
Capital & surplus	14,405,284	14,385,284

* * *

THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	155,009,172	133,150,007
Deposits	143,609,933	121,668,867
Cash and due from banks	39,407,617	31,467,212
U. S. Govt. security holdings	42,534,238	38,294,537
Loans & discounts	68,280,572	58,127,987
Undivided profits	1,536,220	1,505,162

* * *

J. HENRY SCHRODER BANKING CORPORATION, NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	131,112,733	99,647,222
Deposits	94,178,315	67,708,691
Cash and due from banks	17,868,359	7,450,303
U. S. Govt. security holdings	59,843,861	41,817,670
Loans & discounts	22,777,254	23,940,078
Surplus and undivided profits	4,754,838	4,659,698

* * *

At a directors meeting held in New York Jan. 4, the **Marine Midland Corporation** voted to offer holders of its common stock of record Jan. 5, 1955, rights to purchase an aggregate of 403,082 shares of the corporation's 4% cumulative preferred stock, $50 par value. The new stock may be subscribed for at $50 per share at the rate of one share for each 18 shares of common stock held. The subscription offer expires at 3:30 p.m., Eastern Standard Time, on Jan. 24. The 4% preferred stock is convertible into common stock at any time up to and including Jan. 15, 1965, at the rate of 2.75 shares of common for each share of preferred equivalent to a price of approximately $18.18 per common share. A purchase fund starts at the end of 10 years. The preferred is redeemable at prices ranging from $52½ per share if called on or prior to Jan. 15; 1957 and thereafter at prices scaling to $50 per share after Jan. 15, 1965. An underwriting group headed jointly by the First Boston Corporation; Union Securities Corporation; Schoellkopf, Hutton & Pomeroy, Inc. and Granbery, Marache & Co. has agreed to purchase from the corporation the unsubscribed stock at the offering price plus accrued dividends from Jan. 24, 1955. A considerable part of the proceeds of the issue it is announced, will be invested in additional capital stock of several constituent banks in keeping with the corporation's policy of maintaining the capital funds of its banks so that they can fully serve the growing needs of their communities and areas.

THE MARINE MIDLAND TRUST COMPANY OF NEW YORK

	Dec. 31,'54 $	Sept. 30,'54 $
Total resources	486,742,399	476,268,796
Deposits	443,503,700	435,050,587
Cash and due from banks	142,444,319	147,006,763
U. S. Govt. security holdings	112,714,284	106,282,313
Loans & discounts	219,473,871	210,246,731
Undivided profits	7,568,700	7,200,905

* * *

William E. Pelley and Theodore Sedgwick have been named Assistant Vice-Presidents of **Bankers Trust Company, of New York** it has been announced by S. Sloan Colt, President of the trust company. Mr. Pelley is assigned to the bank's Petroleum Group at the main office, 16 Wall Street. Mr. Sedgwick is with the Fifth Avenue branch of the company.

BANKERS TRUST COMPANY, NEW YORK

	Dec. 31, '54 $	Sept. 30, '54 $
Total resources	2,279,456,084	2,156,370,338
Deposits	2,028,542,721	1,917,817,720
Cash and due from banks	583,707,070	494,076,822
U. S. Govt. security holdgs.	499,559,659	536,287,968
Loans & discts.	1,029,841,535	977,296,696
Undivid. profits	52,550,850	50,866,604

* * *

SCHRODER TRUST COMPANY, NEW YORK

	Dec. 31,'54	Sept. 30,'54
Total resources	$86,496,897	$77,838,479
Deposits	79,233,404	70,934,385
Cash and due from banks	11,900,195	9,471,806
U. S. Govt. security holdings	58,615,238	58,949,365
Loans & discounts	14,854,889	8,356,504
Surplus and undivided profits	2,509,382	3,656,772

* * *

CLINTON TRUST COMPANY, NEW YORK

	Dec. 31,'54	Sept. 30,'54
Total resources	$35,428,120	$34,233,093
Deposits	32,898,225	31,765,610
Cash and due from banks	8,967,151	9,049,345
U. S. Govt. security holdings	12,577,510	13,714,401
Loans & discounts	11,262,674	8,928,253
Surplus and undivided profits	1,177,640	1,157,542

* * *

The Bank for Savings in New York announces the opening of a new corner entrance and lobby at its main office at 4th Avenue and 22nd Street. The alteration was planned by Arthur H. Fuller of LaPierre, Litchfield & Partners, Architects, to provide modern and functional entrance while retaining the architectural attractiveness of the building erected in 1894. DeCoursey Fales, President of the 135-year old institution, pointed out that the new street level corner entrance which is part of an extensive modernization plan will provide easier and safer access for the bank's customers. A number of modern in-

novations have been incorporated in the completed alterations. Foremost is the installation of an automatic safety door designed by Dolson W. Rauscher, Vice-President of the Bank in collaboration with Walter Miller of Ronan & Kunzel, engineers of Marshall, Michigan.

* * *

THE NATIONAL CITY BANK OF NEW YORK

	Dec. 31, 1954 $	Sept 30, 1954 $
Total resources	6,323,104,786	6,016,340,492
Deposits	5,639,188,360	5,487,027,966
Cash and due from banks	1,311,011,894	1,363,720,685
U. S. Govt. security holdgs.	1,842,996,802	1,746,997,034
Loans & discts.	2,337,065,556	2,105,408,823
Undivid. profits	52,662,613	59,143,447

* * *

Andrew Van Pelt and William C. MacMillen, Jr., have been elected directors of **Colonial Trust Company, of New York City**, according to an announcement made on Dec. 30 by that institution. Mr. MacMillen is President of Chesapeake Industries, Inc. Mr. Van Pelt is a director of Alleghany Corporation.

* * *

At the annual meeting of Clinton Trust Company of New York on Jan. 19, stockholders will be asked to authorize an increase in the bank's capital stock from 110,000 shares of $10 par value to 120,000 shares. The bank's directors have declared a stock dividend of one share for each 11 shares held of record Jan. 7. Subject to favorable stockholder action and to the approval of the Superintendent of Banks, the stock dividend will be paid Feb. 10, 1955.

* * *

John W. Hooper, President of **The Lincoln Savings Bank of Brooklyn, N. Y.**, has announced the following promotions: Edmond G. Murphy to Vice-President and Comptroller; August H. Wenzel to Vice-President, Preston B. O'Sullivan, Stanley T. Jahoda and John F. Vogel to Assistant Vice-Presidents; three additional administrative officers: John L. Corvaia, Advertising Manager, James P. Murphy, Personnel Officer, and Peter M. Sweeney, Assistant Secretary; Edward J. Puttre to Deputy Auditor; Howard M. Hoeberlein and Henry Pieron to Assistant Comptrollers; Rudolph J. Wittine to Assistant Treasurer; August W. Junger to Assistant Cashier.

* * *

Charles D. Behrens, President of **The Kings County Savings Bank, of Brooklyn, N. Y.** announced the retirement on Dec. 31 of Lewis Fuhr, Vice-President in charge of the Broadway Office and Alfred Paull Palmer, Secretary of the bank since August, 1939. Both will remain as members of the Board of Trustees. Mr. Fuhr started as office boy on April 1, 1901 and Mr. Palmer, who became a Trustee in 1933, joined the bank's staff in 1939.

* * *

Arthur T. Roth, President of the **Franklin National Bank of Franklin Square, N. Y.** announced on December 27 that the annual meeting of the shareholders of the bank will be held at its banking house, 315 Hempstead Turnpike, Franklin Square, Nassau County, N. Y. on Jan. 11. Only shareholders of record at the close of business on Dec. 28, 1954 will be entitled to notice of the meeting and to vote upon a program involving:

(a) A change in the par value per share and number of shares of the bank's outstanding common stock from $10 and 666,500, respectively to $5 and 1,333,000 respectively, effective Jan. 11, 1955; (b) An increase of the common stock of the bank by the issuance of a $61,500 stock dividend payable to shareholders of record on Jan. 11, 1955; (c) A further increase of the common stock of the bank to $7,393,000 by the sale of 133,300 additional shares, of the par value of $5 each, at a sale price of between $30 and $32 each, the definite sale price to be determined at the shareholders' meeting. The shareholders of record on Jan. 11, 1955 will be accorded rights to purchase those additional shares, at the price set, in proportion to their respective holdings of common stock of the bank on that date; (d) A further increase of the common stock of the bank to $7,462,000 by the issuance of a $69,000 stock dividend. The shareholders, of record on April 11, 1955, will be entitled to share in such dividend in proportion to their respective holdings of common stock of the bank on that date.

The election of a board of directors for the ensuing year will also be voted upon at this meeting.

* * *

Some 2500 area residents visited the new Munhall (Pa.) office of **Mellon National Bank and Trust Company of Pittsburgh, Pa.** during an open house held Wednesday night, December 15. The program, which officially opened the new Mellon Bank Office in Munhall, was scheduled from 6:30 to 9:30 p.m., but ran beyond that as capacity crowds toured the new banking facilities. The office, located on the main street of Homestead Park, a surburban residential area, opened for its first full day of business on Dec. 16.

THE PHILADELPHIA NATIONAL BANK, PHILADELPHIA, PA.

	Dec 31, '54 $	June 30, '54 $
Total resources	965,847,447	998,727,245
Deposits	874,950,364	911,557,932
Cash and due from banks	264,869,725	280,986,004
U. S. Govt. security holdings	251,344,464	260,679,501
Loans & discounts	316,147,770	312,089,564
Undivided profits	13,684,806	12,558,946

* * *

On December 14 the stockholders of the **First National Bank of Chicago, Ill.** ratified the proposal to increase the banks capital from $90,000,000 to $100,000,000 by a stock dividend of $10,000,000. The plans were referred to in our issue of Oct 21, page 1608.

Effective at the close of business December 31, the **Fletcher Trust Company of Indianapolis, Indiana** was consolidated with the **American National Bank of Indianapolis** under the latters National charter. The consolidated bank is named **American Fletcher National Bank and Trust Company.** Resources of American Fletcher National Bank and Trust Company are in excess of $300,000,000 and capital funds are more than $15,000,000. The lending limit of the consolidated bank is more than doubled. The main office of the consolidated bank will be the American National Office, which is 45 North Pennsylvania Street, Indianapolis. The enlarged bank has 17 offices throughout Indianapolis.

Elmer W. Stout is Chairman of the Board.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to back and fill within not too wide a range even though there is a modest downtrend evident in these price movements. The defensive attitude which is being witnessed in the middle and longer maturities of Treasury obligations is due mainly to the confusion which the monetary authorities threw into the money market when they announced that "active ease" was being superseded by "flexible ease." Up to now, however, nothing tangible has happened as far as the new policy is concerned to give evidence of how it will be carried out.

Despite the publicly announced change in monetary policy, it seems as though it will take some time before it will actually take place. It is becoming more evident that much more will have to be known about the future trend of economic conditions before there will be important changes in monetary policy. Time is very definitely a factor in this situation.

Government Market on Defensive

The money market is entering the new year with a feeling of caution, because it is not possible to predict with any degree of certainty what the "flexible ease" policy of the monetary authorities is going to be like. It is this lack of understanding of the indicated new policy of the Federal Reserve Board which has operators in the Government market pretty much on the side lines. It is not too good for the money market to have a professional set-up as it has today, and especially when it is due almost entirely to an absence of interest in government securities because of uncertainty over what might happen to the future trend of interest rates.

It is also evident that prospective buyers of Treasury obligations are not going to make any really important commitments in these issues, particularly in the intermediate and longer-term one until something is known about the "flexible ease" policy of the monetary authorities.

Despite the anounced change in monetary policy, there is nothing yet in the way of tangible evidence as to what, when and how this will be accomplished. To be sure, a defensive attitude has been created in the money market, but this is due to the announcement of the change in monetary policy, and not due to any specific action which has been taken by the powers that be in putting the new policy into operation. So far, the "open mouth operation" is the only thing which has been used by the monetary authorities, but there is nothing new or changed in method of doing things.

The Big Question

The big question in the money market now is when will there be evidence of the changed policy? This appears to be a question which is not going to be answered immediately and may never be answered, since the trend of economic conditions is going to determine whether or not there will be a change in monetary policy. Federal Reserve credit policy, which greatly influences the trend of interest rates, is not going to undergo important changes all of a sudden in the opinion of certain money market specialists, because the future course of economic conditions will have to be known before there is likely to be any hardening of interest rates.

Even though the trend of business is expected to be good, and this may create a larger demand for money, this does not mean that interest rates will have to go up. The supply of goods is ample enough so that the inflation fear is not expected to be a factor in the future trend of interest rates.

Business Barometer the Key

Accordingly, unless there is something in the business or economic picture in 1955, such as run-away conditions, there may be no change in monetary policy, even though the authorities have indicated that it should be expected. On the other hand, if industrial activity should reach levels which the monetary authorities believe dangerous, then a material tightening of interest rates would be the policy of the Federal Reserve authorities.

On the contrary, should the business upturn show signs of tapering off during the Spring, and especially if there should be evidence of a new downturn, a monetary policy to help the business pattern return to normal levels would be expected. Accordingly, the reestablishment of the "active ease," or even greater ease than that, would most likely be put into operation by the authorities.

Therefore, it seems as though there will be no change in monetary policy until the future course of the business picture is known. This will take some time yet, and the way in which the economic pattern develops will indicate whether monetary policy is changed or not.

Continued from first page

How the New Tax Law Affects the Bond Buyer

than at par or at premium. The reason is that when the time rolls around to collect the maturity value, the increase from the discount price will be taxed as long-term capital gain if the bond is held for more than six months. In the market place, discount generally represents the variation between the coupon interest rate on the bond and the going interest rate for money. It is, in fact, a way of receiving interest. The tax advantage of receiving this "interest" at capital gain rates, with a 25% ceiling instead of at ordinary rates which may run up to 91% for individuals and 52% for corporations, is clear. This is illustrated by the fact that the net yield after taxes by purchasing a ten-year 3% bond at a discount of, say, 13% (to yield 5%) is approximately 2.9% for a 50% bracket taxpayer. The same taxpayer would have an after-tax yield of only 2.5% if a 5% bond were purchased at par. While this opportunity to convert ordinary income into capital gain continues it has been somewhat limited by the new law.

Gain Through Discount Considered Interest Income

In effect, the statute now provides that any "original issue discount" shall be considered as interest income rather than capital gain. For example, if an individual buys a $1,000 face value bond at its original issue at a price of $950 and holds such issue for ten years to maturity, the original discount of $50 will be treated as ordinary income upon sale or redemption of the bond. More technically, in the words of the statute, it would be gain from the sale or exchange of property which is not a capital asset. Under the old law it, of course, would have been capital gain.

While none of this interest income is taxable until the bond is actually sold, it does accrue month by month so that if a bond purchaser in our previous example sold the bond at the end of five years for $975, the difference between $950 and $975, or $25, would be ordinary income. Each year $5 of the original discount becomes potential interest to be realized on sale or redemption. The interest "taint" follows the bond so that the new purchaser at $975 will realize $25 interest if the bond is held to maturity. If the purchase at the end of the fifth year were at $950, the purchaser would have $25 capital gain and $25 ordinary income at maturity.

If the sale of the bond is made any time before maturity at a price greater than the amount of discount which would have accrued as interest pro rata over the bond's life, i.e., $5 per year, such additional amount would be capital gain. Accordingly, in the example just given, if the original holder of the bond had sold it at the end of five years for $1,000, he would have $25 of ordinary income and $25 of capital gain. If the sale were for $925, then the old rules are unchanged and a $25 capital loss would be incurred.

In tracing down the original issue discount for registered securities, the issue price is the initial offering price to the public, at which price a substantial amount of such bonds were sold. Where private issues are involved, the price paid by the first buyer will determine the amount of discount from redemption value. In finding the amount of discount, the stated redemption price at maturity is used rather than face value. Each bond purchaser will have to dig out the original issue price of the bond to know his tax status.

Certain transactions avoid the restriction of this new provision. One clear out is that any bondholder who has purchased a bond at a premium may ignore the rules no matter what the original discount. Secondly, if the original issue discount is less than ¼ of 1% of the redemption price for each year from issuance date to maturity, such discount may be ignored. Thus, on a bond with a 20-year life, an original discount of less than 5% could be ignored. The result is the discount would be treated as capital gain upon the holder's ultimate redemption at par. Note, however, that if the issuance price exceeds ¼% per year allowable, then the entire discount will be treated as interest.

The technical provisions of the statute appear to leave one "loophole." This has to do with the redemption of a bond before its date of maturity. The wording of the statute is that the only amount of discount which will be considered as ordinary income upon redemption is the proportionate amount for the period for which the bond has been issued. Thus, on a ten-year $1,000 bond issued at $950 and redeemed at par at the end of five years, only $25 of the gain would have to be picked up as ordinary income and the other $25 would be a capital gain. Whether this apparent "hole" will be filled by future statutory amendment is yet to be seen.

Importance of New Tax Rules To Bond Buyer

The importance of these new rules to the tax conscious bond buyer is obvious. The way things stand, two bonds with the same terms, selling at the same price, may have widely different tax significance depending on whether or not they were issued at a discount. On each purchase of a bond issued after Dec. 31, 1954, the buyer must track down its original issue price to determine whether any of the discount earned upon eventual redemption, will be treated as ordinary income.

Other changes made by the Internal Revenue Code of 1954 with respect to the bond buyer should be noted.

Previously, the possibility of having discount on bonds treated as capital gain when redeemed at par, was limited to evidences of indebtedness in registered form or with interest coupons attached. For interest-bearing debentures, notes, certificates, or other evidences of indebtedness issued by corporations after Jan. 1, 1955, the capital gain treatment will be available upon their redemption whether or not in registered form or with interest coupon attached. This will mean such common forms of indebtedness as mortgages, notes, and the like purchased at a discount and redeemed at par, will result in long-term capital gain if the holder owns the evidence of indebtedness for six months as a capital asset. Here, again, the rules previously covered with respect to original issue discount are in force, so that it will be important to determine such discount in order to know the tax effect of the purchase.

This extension of the definition of "bonds" also applies to the election to amortize the premium. In other words, the investor who purchases corporate mortgages or notes at a premium will now be able to write the premium off against ordinary income, instead of treating it as part of his cost. However, with respect to the special provisions allowing banks to take ordinary deductions for bond losses, the "bonds" must still be in registered form or have coupons attached. In all cases, the indebtedness must be issued by a corporation or government.

Two "Loopholes" Closed

The new tax law also provides two "loophole" closers. First, it puts an end to the practice of detaching interest coupons from bonds for the purpose of obtaining capital gains. The transaction took the form of detaching several years' coupons and then selling the bond at a discount. The purchaser held the bond until the period for which the coupons had been detached had expired and then resold the bond without discount; in effect, converting his interest income into capital gain. Of course, the seller retained the interest coupons and realized ordinary income. The practice is ineffective now that the new law provides that any bond purchased with coupons detached for a period beyond one year from the date of purchase, will carry with it ordinary income on eventual sale equal to the difference between the purchase price and the fair market value of the bond at the time of purchase with the interest coupons attached.

The other loophole closing provision deals with the tax treatment of bonds with an early call date. In this case, Congress' plug is already showing a substantial leak. The tax advantage under the old law was derived from the taxpayer's privilege of writing off over a period ending with the nearest call date, any bond premium purchased. If the call date was within 30 days, the premiums could all be written off and deducted within that period. This reduced the tax basis of the bond to par and if held for six months and then sold for the same premium price, the difference between the premium and the tax basis would be capital gain. The effect of the transaction is to convert ordinary income into capital gain.

Congress chose to close this gap by providing that such write-off of bond premium is allowable only if the early call date is more than three years after the date of issue. Such restriction, however, is to apply only to bonds issued after Jan. 22, 1951 and acquired after Jan. 22, 1954.

As to bonds issued before Jan. 22, 1951, or bought before Jan. 22, 1954, the door was left open. For example, an individual buys a bond at 115, callable in 30 days

at 102. The premium could, therefore, be written off within 30 days. This would result in a deduction of $13 and a reduction of the base to the call price of 102. If the bond were held for six months and subsequently sold for the same premium at which it is currently selling, the taxpayer would have a capital gain of $13. If we can assume the taxpayer is in the 70% tax bracket, his deduction gave him a tax benefit of $9.10, which, after deducting the capital gain tax of $3.25, leaves him a net gain of $5.85.

As in all transactions where tax saving is involved, the Internal Revenue Service is scrutinizing these transactions very thoroughly.

Summary

To summarize, the Revenue Code throws a number of curves at the bond buyer. He must keep his eye on the following new pitches:

(1) In purchasing taxable bonds at a discount, original issue discount recovered on sale or redemption will be treated as ordinary income rather than capital gain on bonds issued after Dec. 31, 1954.

(2) Purchase of bonds with coupons detached will no longer result in capital gain because of the discount for such detached coupons.

(3) While the advantage with respect to the write-off of bond premiums is still possible with respect to certain bonds, there are many other bonds which will no longer qualify for the tax break due to the premium write-off.

(4) All evidences of indebtedness issued by corporations in 1955 or later will be treated in a like manner, whether or not they are in registered form or with coupons attached, thus entitling the purchaser to capital gain treatment on the redemption.

Chas. W. Scranton Co. Admits Four Partners

NEW HAVEN, Conn.—Leslie B. Swan, Stephen G. McKeon, John M. Flanagan and Gordon E. Johnson have all been admitted to

Les. ... Swan Stephen G. McKeon

John ...

partnership in Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange, the firm announced. Wilbur G. Hoye will retire as a general partner and become a limited partner of the firm, the announcement added.

The present general partners who will continue the general direction of the firm's business are Paul W. Redfield, William J. Falsey, Frank M. Johnson and Edward A. Burgess of New Haven, Bertram B. Bailey of Waterbury and Paul L. Sampsell of New London.

Life Company Mtge. Holdings at $26 Billion

Up $19 billion since close of World War II and now comprise 30.6% of total life insurance assets.

An estimated $25.75 billion is now on loan to property owners from U. S. life insurance companies, an increase of $2.4 billion over a year ago, the Institute of Life Insurance reports.

During 1954 the life companies of this country extended new real estate mortgage financing in the amount of $5.1 billion. This amount was exceeded only once before, in the boom construction year of 1951, and then by less than 1%.

"The near-record total of new mortgage financing extended by the life insurance companies this past year came as a surprise, as most forecasts at the start of the year had indicated a decline in such financing," the Institute said. "Instead, the new mortgage money loaned by the life companies in the year just closed was nearly $800 million more than in the previous year. This parallels the surprising growth of housing starts last year, when the estimated 1,150,000 starts were the second largest in history."

Up $19 Billion Since War

The investment of life insurance dollars in real estate mortgages is today $19 billion more than was outstanding at the close of World War II. The housing represented by this financing has given new homes or newly purchased homes to millions of persons over the country.

An important shift in type of mortgage making up the portfolio additions developed during the past year, with conventional mortgages and Veterans Administration mortgages leading. At year-end, the conventional urban mortgages held by the life companies totaled $13.125 billion, up $1.3 billion or 11% from the year before.

VA mortgages, written under the GI Bill of Rights, totaled $4.45 billion, up $900 million or 24% in the year.

FHA mortgages acquired in 1954 were in smaller volume than the year before and holdings at the end of the year were $6.15 billion, up only 2% from 1953.

Farm mortgage holdings of the life companies topped $2 billion for the first time since 1930 and were 9% over the previous year.

Aggregate mortgage investments of the U. S. life insurance companies represented 30.6% of total assets at the end of 1954, compared with 29.7% the year before and 14.8% at the close of World War II, just before the boom in housing construction got under way.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Insurance stocks turned in an exceptionally favorable market performance during 1954. The trend of share prices was unward for almost the entire period. Casualty companies made the more spectacular gains but even despite the losses sustained by the fire companies, in the fall hurricanes, share prices for this group ended the year substantially higher than at the beginning.

The main reason for the excellent showing of the casualty underwriters was the improvement experienced in the auto liability and property damage insurance lines. Also, as with fire companies, the rise in the stock market and the recovery in bond prices added substantial amounts to the equity or liquidating values of the insurance shares.

Another factor accounting for the rise in insurance stocks has been increases in cash distribution as well as the stock splits and stock dividends made by a number of institutions. Such actions have been inspired by gains in investment earnings and the rise in surplus of the various concerns. The larger volume of invested funds combined with an improved return on these funds have resulted in a further gain in investment income. As this is the primary determinant of dividend policies, many companies have seen fit to increase their payment to stockholders. Frequently this has been accomplished by capitalizing a portion of surplus through a stock dividend and maintaining the same rate of cash payment on the increased number of shares.

In these instances or where such action is anticipated, the market action of the shares has been particularly favorable.

The tabulation below presents the bid prices for 25 of the leading fire and casualty insurance companies as of December 31, 1954 and 1953. In addition, the point change and the price range for the year are shown. All figures have been adjusted for stock splits and stock dividends to put present prices on a comparable basis.

	Market Bid Price December 31		Point	1954 Price Range	
	1954	1953	Change	High	Low
Aetna Insurance	75	56¼	+18¾	80	56¼
Agricultural Insurance	37	29½	+ 7½	37	30
American Insurance	34¾	26	+ 8¾	34¾	25⅝
American Surety	77	60	+17	77	57½
Boston Insurance	40½	33	+ 7½	43½	33¼
Continental Casualty	96½	48	+48½	101½	48⅛
Continental Insurance	100¾	75½	+25	102	72
Employers Group	71½	46⅜	+25⅛	71½	42¾
Fidelity-Phenix	108½	77½	+31	110¼	73
Firemen's (Newark)	40¾	28	+12¾	40¾	27⅛
Glens Falls Insurance	75	62¼	+12¾	76	62¼
Great American	43½	32¾	+10¾	43½	32¼
Hanover Fire	45¾	48¾	+ 7½	48	36¾
Hartford Fire	198	139½	+58½	198	139
Home Insurance	48¾	39	+ 9¾	48¾	38¾
Insur. Co. of North America	107	82¼	+24¾	107	83
New Hampshire Fire	45	44	+ 1	49¾	40¼
Pacific Fire	102½	84½	+18	103	84½
Phoenix Insurance	96	76	+20	99¾	72¾
St. Paul Fire & Marine	51½	36½	+15	52½	35¾
Security Insurance	44	35	+ 9	52	35¼
Springfield Fire & Marine	58	49¼	+ 8¾	62	46½
U. S. Fidelity & Guaranty	92¾	61	+31¾	92¾	60
United States Fire	47½	38¼	+ 9¼	52	37¾
Westchester Fire	30	25¼	+ 4¾	30	25

As can be seen in the above figures the gains made by some of the companies are quite spectacular. Continental Casualty for example has more than doubled in price during the past year when adjustment is made for the stock split. U. S. Fidelity & Guaranty has a gain of close to 50% as does Employers Group. A number of others show increases of between 30% and 40%. Of course practically all are selling considerably above the price at the start of the year and many are now at their highs.

"Barron's" index of insurance stocks for example closed 1954 at 322.44, the high of the year. At the beginning of 1954, this index was around 198. This was a gain of about 63% in the index. As a standard of companies there is the Dow-Jones Industrial average. At the end of 1954 this average was around 400 as against 280 at the beginning of the year or a gain of 43% in the Average.

Of course the index obscures certain changes in stock prices and all stocks have not made so large a gain as might be indicated. Nevertheless, the point is made that insurance stocks have done very well over the past year.

Greene & Company Marks 25th Year

Irving A. Greene, Senior Partner of Greene and Company, 37 Wall Street, New York City, announces that this week marks the completion of a quarter century since the establishment of their over-the-counter securities business in 1930.


Irving A. Greene

The firm also underwrites new issues and distributes blocks of stock, both wholesale and retail. They have recently enlarged their quarters to make room for their Wholesale and Retail Departments as well as their Research Department.

Other partners of the firm are Julius Golden and Robert Topol.

In addition, they have recently enlarged their Trading Department and announce that Liborio L. Palermo, formerly with W. C. Pitfield & Co., Inc. and prior thereto with the Eastern Securities Company, has become associated with them.

Nesbitt, Thomson Co. Official Changes

MONTREAL, Canada—It is announced that J. S. Aird, Vice-President and Secretary-Treasurer of Nesbitt, Thomson and Company, Limited, 355 St. James Street West, has resigned as Secretary-Treasurer of the company, a position he has held for the past 42 years. He will continue as a Vice-President and Director of the firm.

Donald D. Ewart has been appointed Treasurer, and Howard S. Dunn has been appointed Secretary of the company.

Mr. Aird's association with Nesbitt, Thomson dates back to 1912 when, in partnership with the late A. J. Nesbitt, and also with P. A. Thomson, now Chairman of the Board, the firm of Nesbitt, Thomson & Company, Limited, was formed. Mr. Aird has held the positions of Director and Secretary-Treasurer from that time, and in 1930 was appointed a Vice-President of the firm.

It is further announced that J. M. McConnell, Jr., has been appointed Assistant to the President, and W. M. Dietrich has been appointed Assistant Treasurer in charge of Money Market operations.

Life Ins. Management Co. Formed in South

BIRMINGHAM, Ala.—The Life Insurance Management Co., Inc., has been formed with offices at 2023 First Avenue North to act as underwriters and distributors of Life Insurance Stock Fund, Inc.

Officers are Robert H. Carlson, Jr., President; E. S. Hydinger, Vice-President, and K. P. Long, Secretary and Treasurer.

With Campbell Robbins

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Thomas W. Brinton has been added to the staff of Campbell & Robbins, Incorporated, U. S. National Bank Building.

With J. R. Williston

MIAMI BEACH, Fla. — Willis D. George has joined the organization of J. R. Williston & Co., as a Registered Representative in their Miami Beach office, 631 71st Street.

Outlook for the Bond Market

In annual year-end bond survey, Halsey, Stuart & Co. Inc. predicts a continued high volume of tax-exempt state and municipal bond issues, along with a large volume of corporate issues.

Halsey, Stuart & Co. Inc. in the firm's annual year-end bond survey predicted a continued high volume of tax-exempt state and municipal bond issues in 1955 on the heels of the all-time record of more than $6¾ billion marketed in 1954.

"The tax-exempt market continues to absorb large volumes of financing without difficulty," the review points out. "The need for municipal, school, sewer and other types of improvement seemingly is endless. This, and the record volume of these issues already approved by the voting public, indicates that the 1955 output of tax-exempts will be high indeed. Revenue obligations, still gaining in popularity, will continue to represent a sizable percentage of the over-all supply of tax-exempts."

Corporate financing will continue to provide a large volume of new money offerings, "although the total may not exceed that of 1954," the survey said. Refundings of higher coupon bonds will add to the volume, it noted.

"Government activity in the credit markets will continue to have a strong influence on interest rates and bond prices," Halsey, Stuart pointed out. "However, little change is expected in the Treasury Department's pattern of issuing short and intermediate term bonds to avoid market dislocation. No long-term government bond issues are anticipated, at least until the requirements of other borrowers are reasonably satisfied. There does exist a possibility that later in the year these requirements may not be pressing, opening the way for longer-term government refunding.

"In all, the effect of government financial policy on the money markets is expected to remain helpful rather than harmful. Continuation of this program should contribute materially to staibilty of bond prices and their yields."

Industrial bond financing declined from about $2.2 billion in 1953 to $1.6 billion in 1954, reflecting the leveling off of business and expansion needs, said the survey. In the coming year "industrial financing may be influenced to some extent by the added funds generated within industry by the liberalization of certain depreciation allowances in the 1954 revenue code," it said.

Total utility debt financing, both publicly offered and privately placed, rose from $2.7 billion in 1953 to $3.2 billion in 1954. "Production and sales projections of the electrical companies for 1955 call for an increase over 1954, and there should be an ample supply of new money issues as well as refundings," said Halsey, Stuart. In the communications field, it continued, increased population and community growth have created tremendous demands for service, and the telephone companies are continuing to make huge financial outlays in their program of converting to new and advanced equipment. The demand for natural gas service far exceeds the facilities for providing it and additional construction and expansion expenditures of close to $1 billion a year for the next three years are contemplated.

"Real estate mortgage debt, which increased about $10 billion in 1953 and another estimated $12 billion in 1954, is expected to continue its rise in 1955," the survey said. As in the past several years, the bulk of this will be for housing, it added.

Public offerings of railroad bonds increased from $56 million in 1953 to $267.5 million in 1954, but public equipment trust financing was down from $240 million to $174 million, Halsey, Stuart said. The lower volume of equipment trust certificates is not expected to change materially in 1955, said the survey, adding that "there still are a number of railroads which probably can refund higher cost debt, and additional refundings of preferred stock also are looked for."

The company pointed out that its projections were made "on the assumption that the world situation will remain quiet and no direct threat of war will arise. Even so, we may expect a continuation of huge government expenditures for defense preparation as well as extensive loans and gifts to other governments, including substantial assistance to Germany."

Halsey, Stuart expressed optimism about general economic conditions in 1955. "In all," the survey said, "1954 was a period of healthy adjustment to a slower and steadier economic pace than that of the hectic war and immediate postwar years. The adjustment continues, but the pace is expected to continue strong and with high level business activity during 1955. General business, in fact, could show improvement in the coming year."

Amott, Baker Co. NYSE Member Firm

Amott, Baker & Co., Incorporated, 150 Broadway, New York City, has been admitted to membership in the New York Stock Exchange, effective Jan. 1.


Harry R. Amott

Officers of Amott, Baker & Co., Incorporated are Harry R. Amott, President; John H. Hawkins, Vice-President and Secretary; William J. Baroni, Jr., Vice-President and member of the New York Stock Exchange; Wilbur J. Janssen, Treasurer, and Allan H. Levian, Assistant Secretary.

Mr. Amott has been president of the New York Security Dealers Association and has served on the District 13 Committee and Business Conduct Committee of the National Association of Securities Dealers Inc.

El Salvador Bond Offer Extended

Holders of Republic of El Salvador, Customs First Lien 8% Sinking Fund Gold Bonds, Series A, dated July 1, 1923, due July 1, 1948; 7% Sinking Fund Gold Bonds, Series C, dated July 1, 1923, due July 1, 1957; and Certificates of Deferred Interest (Scrip Certificates) issued with respect to Bonds in Series C, and Convertible Certificates for 3% External Sinking Fund Dollar Bonds, due Jan. 1, 1976, are being notified that the time for exchanging the above bonds and appurtenant coupons for Republic of El Salvador 4%, 3½%, and 3% External Sinking Fund Dollar Bonds, due Jan. 1, 1976 and to pay Certificates of Deferred Interest at 15% of their face amount, under the exchange offer of April 26, 1946 has been extended from Jan. 1, 1955 to Jan. 1, 1956. The New York fiscal agent is the National City Bank of New York.

A British View of World Economy in 1955

By PAUL EINZIG

Dr. Einzig holds prospects for world economy in 1955 are distinctly brighter than a year ago, and the menace of an international slump through an American depression no longer prevails. Sees, in absence of any economic or political crisis, a great liberation of foreign trade, but forecasts no likelihood of sterling convertibility in 1955.

LONDON, Eng. — There can be little doubt that international economic prospects for the next 12 months now appear to be distinctly brighter than they did 12 months ago. Towards the end of 1953 the free world was under the cloud of the business recession in the United States. However slight that recession may have been, it carried the possibility of a deflationary spiral causing world-wide depression and upsetting the precarious balance of international payments. Few economic prophets were bold enough to commit themselves definitely to a forecast of stability and prosperity during 1954, though on balance most experts expressed the hope that the United States authorities would not allow the recession to proceed very far. This hope proved to be justified during the past year, and the menace of an international slump through an American depression is no longer hanging over our heads.

Dr. Paul Einzig

At the turn of the year it seems probable that the business trend in 1955 will be distinctly upward. Symptoms in the United States are judged to have turned decidedly favorable, and non-American observers are inclined to believe that the increase of American national income and spending power will be a factor of major importance liable to affect favorably business trends in the free world, the balances of payments of many countries, and the trend of basic commodity prices.

It is gratifying to recall that during the past year the resistance of the world economy to the American recession was much firmer than most experts had expected. The fears of sympathetic recessions during 1954 failed to materialize. Business conditions in Britain and many other countries remained reasonably prosperous in spite of the slight setback in the United States. Their internal booms failed to cause a recurrence of balance of payments difficulties. This being so, there is ground for optimism about conditions now that the American business trend has turned the corner. If the free world was able to remain stable and prosperous even while the United States was experiencing a recession, it seems reasonable to expect that its stability and prosperity will be further reinforced through the improvement of business conditions in the United States.

It seems probable that the trend of the international price level will be upward, in spite of the increasing trend of production. Bad crops in 1954 have reduced the unsold grain surpluses which 12 months ago constituted one of the clouds on the international economic horizon. An increase of American demand is likely to maintain raw material prices at least at their present level. The continuous expansion of productivity in industry is likely to be more than offset by the equally continuous expansion of consumers' purchasing power brought about by wages spirals and by further Welfare State development in many countries. Its effect is likely to become accentuated by progress of ambitious capital investment programs all over the world. The combined effect of more consumer spending and more investment is bound to be an upward trend of prices, even though this is liable to be moderated by the upward trend of the output.

In the absence of any acute economic or political crises the world trend towards liberalization of foreign trade is likely to make further progress. The removal of discrimination is expected to continue, and tariff walls are likely to be lowered somewhat. East-West trade is also likely to increase in volume, unless renewed diplomatic tension should reverse the trend. In the absence of a return to convertibility, the O.E.E.C. countries of Western Europe are likely to increase further intra-European trade.

Foreign exchanges are likely to remain stable on the whole. Possibly after the consolidation of her economic and budgetary conditions, France may carry out the long-overdue adjustment of the international value of the franc to its reduced domestic purchasing power. No other major adjustments are expected during 1955. Sterling is likely to have its ups and downs within the limits of \$2.78 and \$2.82, with unofficial rates remaining at a moderate discount.

There is no likelihood of a restoration of the full convertibility of sterling and other inconvertible currencies during 1955. Even though President Eisenhower made a gesture towards the close of the year, indicating his willingness to relax the rules determining the application of the Buy America Act, Britain will expect a much more definite liberalization of American foreign trade before removing the existing restrictions on dollar transfers. In any case, there can be no convertibility until the Sterling Area gold reserve has increased considerably, not through borrowing on the 1946 pattern but through an improvement of the balance of payments. It seems most unlikely that such improvement could materialize within 12 months. Moreover, convertibility would be politically risky before the general election.

The rising trend of Stock Exchange prices may proceed further before a marked reaction sets in. There is no reason to anticipate a disastrous slump in 1955, as the basic situation is likely to remain much sounder than it was in 1929. But there are bound to be temporary setbacks after periods of rise such as we witnessed in 1954 and are likely to continue to witness also in 1955.

The trend on the bullion markets will largely depend on the attitude of the Soviet Government. It is impossible to form an opinion whether or not it will resume in 1955 its sales of gold and silver on a large scale. There can be no doubt that it is in a position to do so.

Generally speaking, the year 1955 is likely to be one of progress and prosperity. Rearmament expenditure in the free countries—with the notable exception of Germany and Japan—has passed its peak, and a further increase of productivity is liable to raise the standard of living. This improvement will not be confined to the advanced countries. Whether the peoples in Communist-controlled countries will share in it depends on the willingness of Moscow and Peiping to concentrate their economic policies on peaceful development instead of aiming at world domination through military strength.

Now Alden & Mahoney

MINEOLA, N. Y. — The firm name of Andrews, Mahoney & Andrews, Inc., 1527 Franklin Avenue, has been changed to Alden & Mahoney, Inc.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Morgan F. McDonnell is now affiliated with Merrill Lynch, Pierce, Fenner & Beane, Board of Trade Building. Mr. McDonnell was previously with Thomson & McKinnon.

To Form Tsolainos Co.

As of Jan. 17, Theodore Tsolainos & Co., members of the New York Stock Exchange, will be formed with offices at 14 Wall Street, New York City. Partners will be Theodore P. Tsolainos who will acquire a membership in the Exchange and Tomasz J. Majewski. Mr. Tsolainos is a partner in Delafield & Delafield.

Two With R. S. Dickson

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Charles P. Acker and Plato P. Pearson, Jr. have joined the staff of R. S. Dickson & Co., Inc., Wilder Building, members of the Midwest Stock Exchange.

Joins A. G. Becker Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert A. Pearson has become associated with A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Pearson was previously with the First National Bank of Chicago.

Public Utility Securities

By OWEN ELY

Tucson Gas Electric Light & Power

Tucson Gas Electric Light & Power Company ranks number three in the list of most rapidly growing investor-owned electric utilities in the United States, revenues having increased 220% during the wartime period, according to Federal Power Commission data. (Number one is its neighbor, Arizona Public Service.) The Tucson area, famous for its climate, has enjoyed a population gain of over 38% since 1950.

Tucson G.E.L.&P. serves the City of Tucson and adjacent areas, extending about 50 miles from north to south. Electricity is served to a population of about 173,000 and gas to 147,000. The city of Tucson is an important tourist and health center and the University of Arizona is located there. The area is light in manufacturing, the principal activities being farming and commercial trade.

The company's revenues are about 65% electric and 35% natural gas. Electric revenues are about 38% residential, 8% from irrigation, 34% commercial, 17% industrial and 3% miscellaneous. Electric rates have been running slightly below the national average, although usage is lower than the U. S. figure possibly due to gas competition.

In 1953 the company generated only a little over one-third of its power requirements, the balance being purchased from public agencies. However, a 20,000 kw. generating unit was added in June, 1953 and work was immedaitely started on a 40,000 kw. unit, which was expected to be placed in operation in 1954. Completion of these modern and efficient steam units should make the company less dependent on purchased hydropower, which is affected by droughts.

The outlook appears favorable for continued growth. Fort Huachuca was reactivated about Feb. 1, 1954, as an important electronics proving ground for the U. S. Army, which should add to future electric consumption. The company's 1953 report states that this "may be a tremendous stimulus toward making Tucson one of the major electronics manufacturing centers in the country." Population in the City of Tucson gained substantially in 1953.

Growth in gas revenues was particularly rapid last year, with a 20% residential gain, 25% in commercial, and 22% in industrial business. Electric residential revenues gained 18% and industrial about 16%.

The capital structure at the end of 1953 was about 47% debt, 13% preferred stock, and 40% common stock. The equity ratio is thus above the U. S. average, and leeway is provided for further debt financing, if necessary. Should the company decide to permit the equity ratio to decline this would improve earnings leverage.

The growth record as reflected in the common stock figures has been as follows:

Years—	Earnings	Divs.	Approximate Price Range
1954	*$1.62	†$1.04	23 - 18
1953	1.40	0.83	18 - 15
1952	1.22	0.80	15 - 13
1951	1.20	0.75	13 - 10
1950	1.07	0.70	12 - 10
1949	1.17	0.63	11 - 8
1948	1.17	0.55	9 - 7
1947	0.94	0.50	9 - 7
1946	1.07	0.63	9 - 7
1945	0.64	0.50	-- - --

*12 months ended Sept. 30.
†Indicated present rate, after recent increase.

It is interesting to note that dividend payments have increased steadily since 1947 and that the price trend has been consistently upward in recent years. The dividend payout remains conservative. The stock is currently selling over-counter around 23 to yield about 4.5%; the price-earnings ratio of 14.2 is below the general average for all electric utility stocks.

Continued from page 9

The Outlook in the Durable Goods Industry

lar volume is off considerably, the result of the much lower prices. Earnings are down proportionately. But there remain few manufacturers who are devoted exclusively to the production of television receivers. Most now fabricate a diversified line of products, including nonconsumer items on which profit margins are better.

Progress is being made in respect to color television. Almost 100 of the largest cities are now connected by transmission facilities capable of carrying color programs so that there is more incentive for the prospective purchaser. One manufacturer of color picture tubes recently announced a new price of $175, a reduction of $100 over the price quoted a year ago. With the revitalization of interest in the black-and-white set, the manufacturers are not over-exploiting color. It is being permitted to develop in a much more orderly fashion.

Distributors of the better known makes are doing well, for they have been able to preserve profit margins quite satisfactorily. Their franchises, supported by the large advertising programs of the manufacturer, and bulwarked by realistic price protection policy, lend great stability. The turnover among these distributors is remarkably low.

The retailer is not as fortunate. Lower unit selling prices leave a much narrower gross profit. This has been mainly responsible for the rise in business embarrassments.

Electronic Parts — The outlook remains excellent, for these manufacturers derive their volume from the assemblers of radio and television receivers, from the expanding replacement parts market, and from the growing list of industrial and communication devices. Outstanding are those manufacturers of components which require a large investment in machinery and equipment and involve continuous-flow processes. The search for additional supplies of electricity and semi-skilled labor has led many of these companies to establish branch factories in new areas.

Producers of items constructed by less complex manufacturing methods have not done as well comparatively. These fields have been attractive to newcomers, resulting in the creation of some overcapacity. Manufacturers of television antennas, coils, yokes, are illustrations.

High-Fidelity Equipment—This category includes amplifiers tuners, tape recorders, record players, speakers, magnetic-pickups. To qualify as high-fidelity equipment the system must be capable of an output of not less than eight watts, with a speaker capable of resonating up to 15,000 cycles per second. Equipment of that character provides far more satisfaction than can be obtained from programs delivered through a radio receiver. This fact is responsible for the solid demand which has been demonstrated to exist.

The do-it-yourself addict prefers to buy the separate units the amplifier, record player, and the speaker with its enclosure. For others, there is a wide choice of self-contained units. The latter is more attractive as a basis for consumer financing. The assembled types of equipment are altered considerably in form after acquisition by the consumer, and frequently are incorporated in the walls, bookshelves, or closets of the home.

The major unsolved problem confronting this industry is the method of distribution. The typical retailer has neither the space nor the capital required to maintain the large variety of equipment necessary for demonstration purposes. Distributors have shunned carrying these lines because of the added investment and the specialized selling methods required. Manufacturers quite generally are finding it necessary to sell directly to retailers. Not all of the manufacturers are large enough to accomplish this method of distribution effectively.

Communication Equipment—It was felt a few years ago that the use of various types of communication equipment would be restricted by lack of a sufficient number of broadcast frequencies. Spectacular advances in the design of equipment have been accomplished, making it possible to utilize higher frequencies, which at one time were thought to be unobtainable. This has opened the way for a much broader usefulness. In every field of communication — military, commercial, professional, and private — the demand is developing steadily. There are a number of very prosperous manufacturers specializing in this type of equipment. Some of the producers of radio and television receivers have entered the field with excellent results. The outlook remains excellent, for improvement in design steadily makes obsolete existing equipment.

Industrial Electronics—It would be impossible to define the ramifications of this group. Its importance is signified by the number of prominent manufacturers in other industries who are allying themselves with this activity. Prominent names in the business machine, automotive parts, and machinery trades are establishing electronic divisions. Many have found it more feasible to accomplish this purpose by buying existing companies that have a basic staff of engineers. There has been no lack of prospects for such acquisition since many new organizations have come into being, generally to provide a group of engineers with the opportunity to exploit their ideas. This trend is expected to continue. There are pitfalls. Discrimination must be observed to avoid acquiring an organization that may have been devoting its energies to the development of products which have little commercial promise.

Electronic Instruments — The word "automation" is much in the news. No matter what the application of automation may be, it would be an impossibility without electronic instruments. They are essential in the development of the equipment initially, in its manufacture, and to control the equipment when it is put into operation. The demand for new types of instruments has surpassed the ability of the older manufacturers to create them. A significant number of new enterprises have been established, and many of them are operating successfully and enjoy a fine prospect of continued growth and prosperity. Many of them need financial assistance. Some who have not been able to attract capital in the needed amount are being purchased by organizations seeking diversification. This in-

dustry is now producing more than $1,000,000,000 per year!

Distributors of Electronic Parts

The approximate 1,300 distributors are benefiting from the growth outlined in the previous paragraphs in the various manufacturing divisions. Every electronic mechanism that is put into use creates an additional demand for service parts. The jobbers are experiencing annual sales increases which over the past several years have ranged from 6% to 15%. Earnings in many cases have been phenomenal.

But such expansion understandably has not been devoid of problems. Larger stores and warehouses are required. Suburban growth has required the opening of additional branches. Many are finding it imperative to move into localities where adequate parking facilities are available. Working capital requirements increase steadily. The demand is such that, on an average, there are two new distributors formed each week.

The inventory which these wholesalers carry is comprised of thousands of parts of various kinds and sizes. The typical management is not well trained in accounting procedures. Frequently, the management has failed to recognize the need for unusually close inventory control. Looseness has resulted in a considerable amount of pilferage. In some instances, physical inventories are not taken periodically, the estimated gross profit being employed to establish the inventory valuation. The result too frequently has been unrealistic values and subsequent disillusionment as to earnings.

There are many opportunities for loans to this industry. There are other situations in which the distributor does not qualify for a loan today, but in which a more attractive credit risk can be created with proper financial guidance.

Manufacturers of Airplanes

The 1954 output will be valued at approximately $6,500,000,000, an increase of about 5% over 1953. A gain of about the same amount is expected during 1955. Thus the build-up program instituted four years ago has been almost realized. There are several consequences:

(1) Some of the air frame factories have considered reducing their subcontracting programs, in favor of producing some of the items heretofore purchased outside.

(2) Reduction of the tax rates has resulted in much higher earnings for this industry, which largely was subjected to the highest excess profits rates.

(3) Since there is less urgency in the procurement program, the services can insist on better performance. Recently, two manufacturers received cancellations of a substantial part of their orders, the publicized explanation being they had fallen too far behind on their production schedules.

Some manufacturers have relatively higher backlogs than others, a direct indication of more meritorious performance. Within the past few weeks, several billion dollars of new aircraft orders have been placed. They were not shared in equally by all manufacturers. Since completion of a new design may involve up to three years' time, the position of a company several years from now may be determined by the concern's ability today to keep pace with engineering progress.

Design and engineering changes are coming more and more rapidly. To keep abreast of these developments, the air frame manufacturers have had to expand their engineering departments to embrace electronics, physics, metallurgy, and a host of other applied sciences. Guided missiles are now a reality. The government in its current fiscal year is spending about $500 million on that program.

Summary

A number of the trends described in this paper have distinct implications for us here today.

Automatic Machinery—Re-equipment of factories with cost-cutting installations seems to assure a continued high demand for metal-working and conveying equipment. As installations become more specialized, the machinery may have lower resale value. More important, careful planning is required. Factories with automatic installations may well achieve substantial savings at capacity, but at the same time raise the break-even point. There have been illustrations in which losses have increased because demand for the product did not sustain itself at a level necessary for full use of the production equipment.

Plant Dispersion—A community should exercise prudence in inviting new industries where some form of local subsidy is being used to attract the new facility. Long range appraisals of the company's future are essential. It is urged that such communities employ the experience and skill of their banks in making those appraisals.

Mergers—Many of the consolidations have accomplished constructive objectives. Diversification has resulted in some instances. Many organizations whose expansion was limited by lack of adequate financial resources have been able to increase employment by identifying themselves with organizations better able to command the needed financing.

But there have been too many acquisitions of another kind that must be deplored. This has reference to those situations in which businesses have been purchased and discontinued, for the purpose of paying liquidating dividends which exceed the market value of the capital stock. It is difficult to find any justification for such maneuvers.

Small Business—In several industries, as explained, the smaller units find themselves in a more disadvantageous position. Much is being done by organizations within and without the government, to provide business aids and counsel. Some of them fall somewhat short of the mark. A way must be found to demonstrate more effectively how these aids can be used.

Dick & Merle-Smith Acquires Dept.

Dick & Merle-Smith, 48 Wall Street, New York City, members of the New York Stock Exchange, have announced that as of Jan. 1, 1955 they have acquired the securities custodian department of Roosevelt & Son. Roosevelt & Son will continue to maintain offices at 48 Wall Street, New York City.

At the same time it was announced that Walter Nestel and Paul Arbon were admitted to Dick & Merle-Smith as general partners.

Railroad Securities

Rail Stocks Acted Well in 1954

Railroad stockholders enjoyed a very happy year in 1954. Traffic throughout practically the entire 12 months ran consistently below year-earlier levels and earnings naturally were off almost as consistently. A few roads were able to report increases in earnings for 1954 as compared with 1953 and many of the better situated properties maintained earnings extremely well through rigid control of expenses. Huge sums spent in postwar years on new equipment and on modernization of the railroad plant paid off handsomely for these roads. On the other hand, there were some railroads whose earnings literally collapsed. Even in such instances, however, the stockholders generally fared well marketwise. For most of the year the buying was concentrated largely on investment grade issues and special situations but late in the year a more speculative tone developed, resulting in wide percentage gains for some of the lower grade stocks.

As measured by the Dow-Jones Averages the rails advanced 55% in 1954, from 94.03 to 145.86. As usual, individual performances varied widely. Of a list of 61 railroad common and speculative preferred stocks listed on the New York Stock Exchange, the best percentage showing was made by Boston & Maine common (up 159%, apparently largely if not entirely based on aggressive buying for control purposes); and the poorest showing was that of Boston & Maine preferred stock which was up only 5%. Northwestern preferred also put in a poor performance with a gain of only 7% and even that modest advance was made possible only by a sharp jump during the closing days of the year. Of the 61 stocks covered, there were 25 that outperformed the Dow-Jones Averages. There were 36 issues that scored gains of less than 50% during the year, of which 22 were common stocks and 14 were preferreds.

At the top of the list, there were five stocks basically speculative in character but mostly falling into the "special situation" category. Aside from Boston & Maine common, the four stocks showing gains of better than 100% during 1954 were, in order of their performances, Chicago, Indianapolis & Louisville "B" stock; Missouri-Kansas-Texas common; Baltimore & Ohio common; and Missouri Pacific old preferred. Katy and Missouri Pacific were, of course, affected by recapitalization and reorganization hopes, while B. & O. was influenced by acceleration of the debt retirement program. The wide gain scored by Monon "B" stock probably reflected to a considerable degree recurring rumors of a possible merger.

There were six stocks with gains of between 90% and 100% last year. Half of this group was in the institutional caliber category—Denver & Rio Grande Western; Southern Railway, and Kansas City Southern; the first two being up 98% and the last one named up 94%. In the speculative category, Bangor & Aroostook common, which pays no dividend, was up 98%; Minneapolis, St. Paul & S. S. Marie was up 97%; and Chicago Great Western, also paying no dividend, was up 93%. There was only one stock in the 80%-90% price appreciation range and that was Atlantic Coast Line with a gain of 82%.

There were nine stocks that registered gains of less than 25% and six of these were preferred stocks of a speculative or semi-speculative nature. The poorest showing among the common stocks was that of Western Pacific which was only up 12%. Other commons in this category were St. Louis-San Francisco, up 21%, and Colorado & Southern, up 23%. Among common stocks that might be classified as suitable for institutional purposes, Reading, up 25%; Delaware & Hudson, up 27%, and Norfolk & Western, up 28%, were also rather disappointing. All three are to a considerable degree dependent on the movement of coal.

Dorsey, Payne Join Bache & Co. Dept.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange and other leading stock and commodity exchanges, has announced that their over-the-counter trading department has been expanded under the direction of Joseph R. Dorsey and that Robert W. Payne has become associated with the firm in that department.

Joseph R. Dorsey Robert W. Payne

Mr. Dorsey has been in the business since 1936, recently with Merrill Lynch, Pierce, Fenner & Beane. He is a former member and first vice-president of the Investment Traders Association of Philadelphia and a former member of the Philadelphia Junior Chamber of Commerce. He is a member of the Security Traders Association of New York and attended the American Institute of Banking.

Mr. Payne was previously with Burnham and Company as manager of the unlisted trading department.

Bond Club of NY To Hear C. D. Dillon

Ranald H. Macdonald, President of The Bond Club of New York, announced that C. Douglas Dillon, United States Ambassador to France, will be the guest of honor and speaker at a dinner of the Club to be held on Friday, Jan. 14, at the Waldorf-Astoria Hotel, Starlight Roof.

Bankers' Boston Office Has 110th Anniversary

Brown Brothers Harriman & Co. observed on Dec. 31, 1954, the 110th anniversary of the founding of their Boston office on Dec. 31, 1844, by Thomas B. Curtis, grandfather of Louis Curtis, the present Boston partner. The firm had been established in Philadelphia in 1818 and in New York in 1825.

Clark, Dodge Admits Evans & Mortimer

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange, have announced that Carnot W. Evans and Henry T. Mortimer have become members of the firm.

Lowe, Blair V.-P.

Blair & Co. Incorporated announce that Richard G. Lowe has been elected vice-president in charge of their Wilmington, Delaware office, Delaware Trust Bldg.

With E. I. Shelley Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Le Roy V. Dolsby has been added to the staff of E. I. Shelley Company, Ernest & Cranmer Building.

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The Security I Like Best

pete with facsimile equipment. It is as accurate as its sender, it is silent and it is instantaneous. It is the communication instrument of choice in many operations because it replaces the spoken with the written message. Unlike the telephone message, it is not vague and it fixes responsibility.

TelAutograph Corporation manufactures, installs and services its equipment which is leased, not sold. The company supplies business forms where needed. A vigorous research program is developing new models and new instruments. In the next few months a new instrument specially designed for office use will be introduced. One very promising line of research is in short wave telescriber systems which may some day permit instantaneous long distance transmission of written communications.

Financial results are beginning to reflect the accelerating acceptance of TelAutograph. Gross revenues at the end of 1953 were up 50% over 1950. Earnings in that period advanced from 82 cents per share to $1.30. In the nine months ended Sept. 30, 1954, gross was running 12% ahead of the like 1953 period. Earnings were $1.50 against 90 cents. For all of 1954, earnings will approach $2.00. Prospects favor continuing sizable gains for 1955 and well into the future. Earnings next year should exceed $2.50 per share and dividends, currently 25 cents quarterly may be increased in 1955.

TelAutograph's long-term promise is enormous. Some day, the overwhelming majority of American factories and commercial enterprises may be coordinated by telescriber communications systems. Some day, too, short wave telescribing with its great potential will be a reality. In the near future, telescribers will probably be in common usage in offices. As an overlooked instrumentality for reducing costs and streamlining operations, TelAutograph's unique communicating equipment deserves to be classed with the more glamorous and more widely appreciated computing machines and automatic production machinery.

At 32, its recent price on the New York Stock Exchange, TelAutograph common is beginning to mirror the company's promise. With prospects never brighter, however, the stock commends itself, despite its recent rise, to the patient investor, for steadily increasing income and extremely worthwhile long-term appreciation.

Securities Salesman's Corner

By JOHN DUTTON

On Opening New Accounts

In these days it may seem a bit out of focus to bring up the subject of finding ways and means of obtaining more customers. For the first time in many years business is good in the investment field. Most investment men have more to do than time will permit, just servicing their established accounts. However, I believe that the present favorable psychology on the part of investors, and the general public toward stocks and bonds, presents an opportunity for the creation of new accounts that has not existed for many years.

Regarding past efforts to cultivate the novice investor, I have believed that while this might be a laudable adventure from the aspects of its effect upon the economy as a whole, from a dollars and cents viewpoint it would not be profitable to spend too much time and effort on the small, uninitiated investor. This is certainly true as far as the majority of investment firms is concerned. My reasons for coming to this conclusion were:

Most small investors who have not bought securities have kept their funds in other forms of investment because they did not understand the pros and cons of stock and bond investments.

This lack of understanding created a substantial barrier against taking any action favorable toward securities.

In order to overcome this prejudice, educational effort is required.

The time and expense of a satisfactory educational campaign are substantial barriers that should not be underestimated.

When the securities salesman enters the picture — the unit of sale is too small, the profit in the account likewise, and the time needed to develop this type of business is often considerably more than he can afford to devote to such activities.

Reasons for a Changed Viewpoint

Although the foregoing conclusions may still be valid, I now believe that for the first time in many years it might be worthwhile to establish a department for new investors and make it a profitable venture. The reason for this is the changing attitude on the part of the general public toward securities. The cycle at last is turning. If the present movement toward stocks and bonds on the part of the public can be channeled into sound investment type, income producing securities, and speculative tendencies can be held in check, we could be passing from an era where the fear of almost everything in the way of investment except dollars will be ended.

The Timing Is Right

When people are talking about the stock market; when they are telling their friends who have kept their money frozen in dollar assets about the larger dividend earnings and capital gains they have achieved, then I believe we are in a situation where the right type of advertising and sales campaign designed to draw all types of investors toward your firm might well be worth the effort. When the tide is moving with you ride along with it — and the tide seems to be headed in the direction of those in the business of selling securities for the first time in many, many years.

Next week this column will begin a series of articles that will contain suggestions for attracting different categories of investors through advertising and sales promotion campaigns. If you agree that this may be a good time to go after new business, as well as take care of that now on your books, we hope they may be of some value to you.

Alm, Kane, Rogers Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Victor E. Person and Clarence R. Kinder have joined the staff of Alm, Kane, Rogers & Co., 39 South La Salle Street.

Continued from first page

As We See It

the basis of any study or appraisal of the past should be excluded at the outset. Although President Eisenhower has for the most part preferred to boast of "moderation," "the middle way," or some other such account of his programs, the fact remains that practically all of his positive measures run quite contrary to the lessons of experience and traditional American thought — these things which the New York Governor prefers to label "prevailing prejudices." Governor Dewey's record is certainly not free of the same taint.

Impetus From Washington

Governor Harriman finds it desirable that "our economy again take on a dynamic and expanding nature" and is of the opinion that "most of the impetus must come from Washington." President Eisenhower seems to agree with him. The New York Governor may well presently draw up a bill of particulars with which the president will sharply disagree, but the fact remains that the present Administration in Washington has heartily endorsed the so-called full employment philosophy of the Truman regime.

To date there has been no very grave threat to "full employment" — whatever that means — since President Eisenhower took office. Such fears as did arise over the business outlook brought rather drastic action by the monetary authorities of the nation, and some other proposals put forward in part as anti-deflationary measures were not sent to the books merely by reason of unwillingness on the part of Congress to do the President's bidding. By and large steps taken at Washington and programs proposed have been less extreme than some of those of the New Deal and the Fair Deal, but the difference has been one of degree rather than of principle, and the same is to be said of such pronouncements as have come from the White House during the past two years.

The truth of the matter is, of course, that the only notice taken in Washington of "prevailing prejudices" has been to accept and observe them. To the New Dealer and the Fair Dealer—and to all too many of the President's party, for that matter—"prevailing prejudices" may mean simply the lessons that have been learned through the centuries and embodied in American traditions, and the American way of looking at life, its problems and its opportunities. Actually, the "prevailing prejudices" of the day, at least in political circles, appear to be dislike and scorn of experience. And—with deep regret be it said—these "prevailing prejudices" appear to be quite safe from harm at the hands of politicians whether in Washington, Albany or virtually any of the other state capitals.

If these appear to be harsh and disheartening words, let the record be examined to determine whether they are warranted, or, indeed, if they can safely be left unsaid. The New Deal, for example, popularized if it did not introduce the notion that economic ills can be cured (or remedied) by tinkering with what is now popularly known as the "money supply." Some of the most dramatic of the early Roosevelt steps — measures which were certainly among the "boldest" and the most startling in their disregard for "prevailing prejudices"—were those which abolished the gold standard and virtually all the canons of sound management of the currency and related matters. What changes in these New Deal programs have the years wrought? What has the Eisenhower Administration done to change them? To ask the question is to answer it.

Securities Markets in Shackles

Another early New Deal action was to put the securities markets of the nation in shackles. Through the years these shackles have again and again and again been tightened. What is the situation today? Of course, it is precisely where it was when President Eisenhower took office. He may well have been unable to do anything very much about it even if he had been disposed to try. "Prevailing prejudices" on the subject may be too strong. The political tendencies of the day are — and they usually have been throughout history — to cater to "prevailing prejudices" just as Governor Harriman is now getting ready to do, his smooth words to the contrary notwithstanding.

The New Deal early went to work to "soak the rich." They are still being soaked. Some of the most extreme of the extreme provisions of the New Deal and the Fair Deal (which could be foisted upon the American people only by reason of war conditions) have been very moderately modified, but nothing more can be said. Now, these and other similar measures are now responsible for conditions in the securities markets of this nation which have stimulated comparisons with the 1929 debacle which gave the New Deal such a good start in life.

Where can a leader be found who is not a slave to "current prejudices"? He is not in plain sight at this moment, and the country needs him as it needs little else.

Harriman Ripley Co. Appoints L. M. Kirk

Directors of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, have appointed Lawrence M. Kirk, Sales Manager — Mutual Funds. Mr. Kirk will have headquarters in the firm's Boston and New York offices.

Dorfman & Traviss With Goldman, Sachs

Leon B. Dorfman and James A. Traviss are now associated with Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, as securities traders.

Mr. Dorfman was formerly with Asiel & Co.

Union Securities Elects Three Officials

The election of Walter H. Weed, Jr. as a Vice-President of Union Securities Corporation, 65 Broadway, New York City, has been announced. Mr. Weed was previously Assistant Vice-President and Manager of the organization's syndicate department.

Elected Assistant Vice-Presidents of the corporation were Charles V. Leroy and Gustave J. Schlosser.

With Newhard, Cook

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — James J. O'Brien has become connected with Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

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Social Welfare and the Trend Toward Government Paternalism

action by pointing to average wage levels in certain basic industries as a more suitable criterion.

While the insurance business did not succeed in persuading Congress to keep the $3,600 wage base, it cannot be said that the change to $4,200 is seriously out of line with the average wage concept. The demands for a much higher tax base, the idea that a change should be made to recognize the great increase in wages influenced the final decision. For the reasons given, it should not be concluded that the disposition of this question was a complete departure from the basic floor of protection concept. It appears, however, that Congress has stretched the principle to its very limit.

In appraising these developments, it is difficult to resist the conclusion that Social Security in its present form is widely accepted. Most Americans appear to think the benefit levels of the system are neither incompatible with free enterprise, nor destructive of individual incentive. Press and editorial comments support this conclusion. Moreover, it seems inescapable that a fundamental change in our national thinking is taking place. This means that voluntary insurance as an important part of our enterprise system has a greater responsibility than ever to emphasize the risks of over-expanded social programs and the importance of voluntary insurance in our economic system.

In meeting this responsibility it is hoped that recent failures to defeat increases in Old Age and Survivors benefits will not lead to a feeling of futility, or the adoption of a hostile or unrealistic attitude. A 15-year review of social security legislation will demonstrate that notwithstanding this year's reverses, the benefits under the OASI system have not been greatly over-expanded. Although the benefits moved sharply upward during this 15-year period, the liberalizations bear a relationship to changes that occurred in the American economy. War and postwar inflation resulted in a great increase in consumers' prices. Typical employee earnings more than kept pace with the rising cost of living. These changes should not be ignored in appraising the extent to which social security may have been over-expanded.

Under the basic floor of protection concept, which has governed the social security structure, the level of benefits is bound to reflect long-range inflationary trends. The insurance business has never opposed benefit increases to adjust for higher living costs. The central issue is—have social security benefits outstripped the increase in living costs? The answer is "yes, but not much."

Social security benefits have gone up two to two and one-half times since 1939; living costs have about doubled. Everything considered, the over-expansion of benefits in relationship to the cost of living has not been substantial. Benefits have not gone up as fast as wages, which have tripled in the last 15 years. Consequently, the step down from earned wages to social security benefits is steeper today than it was 15 years ago. This is as it should be. Social security benefits should be geared to living costs, not to wages. All in all, what has happened to date is a matter of concern, but it is not in itself cause for extreme alarm. The efforts of the insurance business and others in opposing over-expansion of benefits has not been in vain. As I view the record, objective opposition has been quite successful in limiting over-expansion to a narrow range.

Will the Social Security system be over-expanded in the future? It could happen. Political pressures for more and more benefits, and failure of the public to understand the magnitude of the system's future commitments, could lead to a complete break with the basic floor of protection rule. Gradually a national pension system might emerge. But there is reason to believe that the era of ingratiating intervention in the OASI field may be drawing to a close. More and more, the facts about social security are becoming known. The idea of mortgaging the future is frightening to many legislators. This does not mean, however, that welfare will cease to occupy Congressional attention. The trend is too strong to hope for that. But there are indications that there will be a shift to other areas, thus relieving the pressure on the OASI benefit structure.

The most attractive political area for new welfare development is in the field of health. We might witness in the next 10 years a struggle between the major political parties to dominate and claim credit for welfare legislation in the health field. This contest could overshadow OASI. Consequently, there are indications that the upward movement of OASI benefits may have come to a grinding stop this year and in the absence of inflation benefits may stabilize near current levels. But this does not mean that the life insurance business should relax its efforts in educating the American people in the dangers of an over-expanded system and the tremendous cost of the existing system which will fall on future generations. Teachers can, of course, make a valuable contribution to such a program by explaining to the oncoming generations that their future earnings must bear a heavy tax charge to pay for the benefits now being provided and that additional increases in benefit levels could saddle them with a staggering burden.

Health Insurance

In 20 years the number of persons with some form of voluntary health insurance has increased from 8 million to almost 100 million. During this period benefits have expanded and so have hospital and medical costs. Those who favor Federal welfare legislation to help individuals meet the economic impact of death, old age and unemployment are now stressing the economic ravages of poor health and the cost of medical care. Whether we should have a compulsory health program is still an issue in this country.

Within the past year there have been three developments in the field of health that challenge the voluntary insurance system.

(a) Congress investigated health insurance generally.

(b) The Federal Trade Commission investigated practices in health insurance advertising.

(c) Congress considered and rejected a bill to establish Federal reinsurance to stimulate the adoption and expansion of voluntary health insurance plans.

All this activity at the Federal level demonstrates the keen interest in health insurance. It is obviously a major political issue. Congress' interest is another illustration of the trend toward doing things to stabilize the economy of the individual. Because doing something for the sick has great humanitarian appeal, patience and understanding in dealing with the subject is warranted. Because voluntary insurance must expand within the capacity and willingness of individuals to provide complete protection, there has been a tendency to minimize the great advances made in recent years by pointing to the fact that those who need health insurance most are least likely to be adequately insured.

Moreover, there is a disposition in some quarters to blame the voluntary insurance system for the absence of coverage of (1) those who cannot afford to buy any health insurance, and (2) those who are uninsurable because their health is already impaired. These groups of individuals present a problem which government should solve through direct assistance. The problem of the indigent and the impaired lives is not an insurance problem and the quicker this is understood the less confusion we will have in evaluating the capacity of voluntary insurance to spread the cost of medical care.

Congressional Investigation of Health Insurance

The results of Congressional investigations by Committees of the House and Senate can be described as partly favorable and partly unfavorable. There was favorable comment on the rapid expansion of voluntary health insurance and the recent development of major medical coverage to protect against the great cost of serious and prolonged illness. On the other hand there was criticism of practices, policy provisions, coverages and advertising. The accident and health business immediately undertook a long range program to overcome these criticisms. A joint industry committee was organized to conduct studies and to make recommendation for improvements. Also on the positive side the two principal accident and health trade associations adopted advertising codes.

Federal Trade Commission Investigation

During most of this year, the F. T. C. has been investigating health insurance advertising. The Commission asked each company doing any A. & H. business to send in its advertising for review. The companies readily complied with this request. In October the Commission issued complaints against 17 insurers alleging that their advertising of individual policies violated the Federal Trade Commission Act. Group accident and health advertising has not been challenged.

The 17 complaints issued by the Commission involved a substantial segment of the individual accident and health business. We are advised that additional complaints will be filed within the near future. The issuance of complaints was probably dictated by the Commission's conclusion (1) that advertising in the A. & H. business was responsible for some of the complaints the Commission has received relating to A. & H. policies; (2) that the complaint procedure would more effectively bring to the attention of the A. & H. business and the public the need for immediate action in this field of advertising.

Underlying these considerations was the basic legal question as to the Commission's jurisdiction to regulate questionable advertising in the insurance business. We know that this legal question was carefully briefed and that the F. T. C. lawyers reached the conclusion that the Commission has the power to regulate in those states where advertising practices are not adequately regulated by state law. They also claim jurisdiction in the case of [illegible] sending adver[illegible] where they are not licensed or legally present.

It is believed that the F. T. C. will eventually recognize that the state model Fair Trade Practices Act is sufficient to oust F. T. C. jurisdiction. But in at least some of the states where such an act has not been passed, the F. T. C. will probably claim jurisdiction. This, of course, emphasizes the importance of enacting the model Fair Trade Practices Act in the states that have not so far adopted it. But regardless of the enactment of such regulatory statutes, the F. T. C. will probably still claim the power to regulate the advertising of any company that sends such advertising into a state in which it is not licensed or legally present. Several companies charged by the F. T. C. have already contested the Commission's jurisdiction.

Meeting F. T. C. standards through voluntary procedures has been suggested and could serve to dispose of the uncertainty which now exists in the field of insurance advertising. It could avoid an adverse interpretation of the McCarran Act. It could reduce the risk of F. T. C. complaints with their attending adverse publicity. Such a course would not subordinate the powers of the states as delegated in the McCarran Act, because voluntary compliance could not enlarge F. T. C. jurisdiction. The business would not be hampered in its effort to oust F. T. C. jurisdiction by strengthening state regulatory law. Presumably the state Insurance Commissioners would participate in any proposed voluntary procedure. Such positive action would not reflect on state supervision, but rather would tend to strengthen such supervision by avoiding conflicts which might result in a Congressional review of the McCarran Act. This approach is now under consideration.

The Federal Reinsurance Bill

This bill would have permitted the government to reinsure prepaid health plans issued by insurance companies and associations like the Blue Cross. In order to qualify for reinsurance, the plans would be required to meet certain standards. Advocates of the reinsurance measure believe that it would stimulate the further expansion of voluntary health insurance, particularly major medical insurance. They claim the proposal is consistent with the philosophy of helping private business serve the public need.

They express opposition to socialized medicine and contend that the reinsurance plan is not an invasion of business, but something akin to government insured mortgages or government insurance of bank deposits. Opponents feel there is no need for Federal Health Reinsurance, that the plan would not be widely used, that it would put the government in the health insurance business and the plan might lead to social medicine.

It is difficult to establish the reasons responsible for the bill's failure. The newness of the idea, the absence of specific prescribed standards for health insurance plans, the concern of the American Medical Association that the reinsurance program might be converted into a social medicine plan, the inability of the sponsors to demonstrate the need for the legislation—all had a bearing on the result. The fact that the plan was not liberal enough to satisfy labor explains why some of the liberals in Congress joined the conservatives in defeating the measure.

This reinsurance plan is not dead. Undoubtedly, it will be an issue again in the next session of Congress. Possibly it will be introduced in a form that will meet some of the objections to the original bill. The insurance business will be called upon to take a position.

This year we did not oppose the bill but suggested further study. Several insurers endorsed the plan, others openly opposed it. Now is the time to carry out our recommendation for further study. Are there other approaches to be considered? Will we be able to develop an industry position if an improved bill is introduced? Are we facing a choice—something like the reinsurance plan, or a more direct approach that would result in government competition in the health insurance field? Is this another example of ingratiating intervention?

If we think of these questions in terms of the over-all trend toward more welfare legislation, is it reasonable to conclude that some Federal action in the health insurance field is indicated? Or is this the one area in which a welfare program will not succeed? These are very difficult decisions to make. They are very important decisions. The future of voluntary health insurance is at stake.

Federal Regulation of Insurance

Under the subject of health insurance I discussed the Federal Trade Commission's efforts to regulate advertising. This exercise of Federal power is not direct regulation of insurance. There are, however, other situations which conceivable could raise the issue of Federal vs. State regulation. Unlike the F. T. C. development these other challenges result from criticisms of activities of others who utilize insurance services. With Federal welfare systems competing directly with voluntary insurers it is in the public interest to preserve state regulation. Excessive regulation at the Federal level could so hobble voluntary insurance services that the compulsory systems would have the decided advantages. This must be avoided. Every threat of Federal regulation must be carefully appraised.

Credit Insurance

Early in 1954, as an outgrowth of an investigation of mail order accident and health insurance, the Senate Judiciary Committee, under the Chairmanship of Senator Langer, became interested in credit insurance. The Committee initiated this phase of its investigation with a questionnaire to the State Commissioners. Following this, a second questionnaire was sent to some 50 or 60 insurance companies. Hearings were held in Topeka, Kan., on Sept. 20 at which time appearances were made by the Attorney General and Insurance Commissioner of Kansas as well as representatives of numerous finance companies and insurance companies. Individual borrowers, both satisfied and dissatisfied also appeared. More recently, a similar hearing was held in Raleigh, N. C.

The Committee has been interested in possible abuses resulting from any "tie-in" of the sale of credit insurance and the making of small loans, with a corresponding interest in corrective legislation. One witness representing a finance company at the Raleigh hearing reportedly alleged that credit life insurance is a "gigantic conspiracy" between insurance companies and lending agencies. A trade journal, stated that the hearing had raised the question of possible need to rewrite Public Law 15 to require states to have "successful enforcement" of insurance laws. This is an example of how demand for regulation of insurance can result from abuses in other areas of industry.

Union Welfare Funds

Another very active subject in Washington today is that of union welfare funds. Congressional interest in these funds became evident during 1953 and was brought into focus by President Eisenhower in his Taft-Hartley message of Jan. 11, 1954. He recommended that Congress conduct a study toward the end of enacting necessary legislation to protect and conserve these funds for the millions of working men and women who are the beneficiaries. A subcommittee of the House Committee on Labor and Public Welfare initiated its investigation by circularizing a questionnaire concerning insurance company practices with respect to insured benefits. The subcommittee also held hearings in Los Angeles and recently opened further hearings in Washington. The Subcommittee of the Senate Labor and Public Welfare Committee has not yet held hearings but has conducted studies in San Francisco, Chicago and Philadelphia. Also during a recent conference held by the C. I. O. an effort was made to shift the emphasis from general welfare fund trustee responsibility to criticism of insurance companies for their commission practices. It was argued that regulation of commission under Taft-Hartley welfare plans was necessary in order to control abuses in administering welfare funds.

No one type of legislation has emerged at the Federal level as being the likely solution to the problem. It is probably correct to say that there is more confusion now as to the proper legislative approach than there was at the outset of the investigations. Certainly, however, the life insurance business will be faced with the necessity of taking a position on the question of whether union welfare funds should be regulated and if so, to what extent. The problems posed by the consideration of either State or Federal regulation are far-reaching in their implications and deserve the most serious consideration.

Intervention vs. Voluntary Action

Despite the tendency to look to government for various services which may be provided through private enterprise, it is encouraging to note that during 1954 the government itself took steps to encourage the further utilization of voluntary insurance in one instance and the services of savings institutions in another. I am speaking of the insuring of Federal employees through private insurance companies on a group life insurance basis and the Voluntary Home Mortgage Credit Program through which lending institutions hope to assure the availability of mortgage credit in small communities, remote areas and for minority groups, without the intervention of government. These two developments are encouraging signs. They demonstrate an awareness on the part of government that it should not undertake any service which can be provided on a voluntary basis. Of equal significance, the life insurance companies and other savings institutions proved their ability to work out a difficult problem through cooperative effort.

Federal Employee Group Insurance

The present Administration has as one of its objectives the modernization of the Federal Government's personnel system. One part of this program, announced in March of this year, was to provide Federal employees with group life insurance. Following its announced policy of fostering private enterprise wherever possible, the Administration sought and received the cooperation of the life insurance business in setting up this program, a development which was most gratifying to all concerned.

A joint ALC-LIAA committee was appointed to give technical advice and consultation; that committee worked long and diligently to give effect to the proposal. As a result, on Aug. 17, 1954, just a little more than five months after the first conference, the program was enacted into law. The plan follows the standard group life pattern.

Metropolitan Life Insurance Company was selected by the Civil Service Commission as the principal insurer and is administering the program through the "Office of Federal Group Life Insurance" in New York City. Other companies are eligible to participate as reinsurers according to a formula based upon group life insurance in force but weighted in favor of the smaller companies.

The amount of insurance currently in force is $7 billion with an annual premium of approximately $70 million. There are approximately 1,750,000 employees covered. of 285 companies eligible to act as reinsurers, 163 have indicated a desire to participate in that capacity. As of Nov. 29, 446 claims, including 38 accidental death and dismemberment claims, had been paid in an amount of $3,198,412.

The Joint Committee is con-

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Social Welfare and the Trend Toward Government Paternalism

tinuing to study the feasibility of providing a comparable program of health insurance for Federal employees. This is a much more complicated program and necessarily goes beyond the life insurance companies. Unlike life insurance, there is some doubt that such a plan can be satisfactorily set up on a national uniform basis. Several alternatives are being discussed and this matter will doubtless continue to be active during the forthcoming session.

There is also under consideration the use of insurance or insurance mechanisms to provide health coverage for dependents of military personnel. Presently dependents of servicemen living on or near military establishments receive hospital and medical care at the installation without charge. The Defense Department is interested in a system of insured benefits for dependents of servicemen who do not live near a military installation and who are being discriminated against under the existing program.

Voluntary Home Mortgage Credit Program

Another heartening acceptance of a free enterprise effort came in the adoption of the Voluntary Home Mortgage Credit Program. The Housing Act of 1954, as first considered by Congress, contained provisions for rechartering a new and expanded FNMA for the purpose of providing a secondary market facility for VA and FHA loans as well as exercising certain "special assistance" functions.

As an alternative to this provision, the life insurance companies, through the ALC-LIAA Joint Committee on Economic Policy, proposed a voluntary program to assure the general availability of mortgage credit in small communities, remote areas, and for minority groups. The proposal was well received both by Congress and by other institutional lenders. As a result, it was enacted into law. The new FNMA was also authorized. However, to the extent that the voluntary program is successful, it will by that much limit the activities of FNMA and reduce the need for further government action.

The program is not designed to increase the overall supply of mortgage credit, but is aimed at making the most effective use of available credit by assisting applicants from eligible areas in obtaining government-insured and guaranteed loans from private financing institutions. 108 life insurance companies have indicated their willingness to participate.

Military Survivor Benefits

A perennial question is that of military survivor benefits; how should they be provided and at what levels? So far these benefits have been provided by government without utilizing private insurers. We have devoted much time and effort in the past to various aspects of this problem. Appearances were made in connection with the Servicemen's Indemnity Act of 1951 and during the 81st and 82nd Congresses we opposed legislation which would have established a new contributory system of benefits for survivors of servicemen.

The Civil Service Act Amendments of 1952 established the Committee on Retirement Policy for Federal Personnel which has come to be known as the Kaplan Committee. As one part of the Committee's work a study and report was made on the Uniformed Services Retirement System. The Committee recommended that the present system, consisting of overlapping programs administered by four separate executive agencies, be improved by adopting a simplified program consisting of: (1) a six-month death gratuity with a $1,200 minimum and a $3,000 maximum, (2) service compensation for beneficiaries of 80% of first $100 of gross pay and 20% of the balance, (3) participation of military personnel in the social security program on the regular taxable basis. Under this proposal the free indemnity benefit of $10,000 would be discontinued.

Around the time that the Kaplan Committee report was released, the House of Representatives established a Select Committee on Survivor Benefits aimed at studying the problem as a whole rather than on a piece-meal basis. Historically, this has been difficult to do because of the fact that the various portions of the survivor benefit program have come under the jurisdictions of at least four standing House Committees.

This Select Committee has just concluded hearings which included but were not limited to consideration of the Kaplan report. A joint ALC-LIAA statement was filed during the hearings. No specific proposals were made but certain general principles were outlined, among them, that the overall benefit level should not exceed reasonable limits; that there should remain an area of incentive for a serviceman to provide supplemental protection for his dependents through a personal insurance and savings program.

Conclusion

In conclusion a word should be said about our attitude toward government, particularly when we are dealing with legislative proposals in the welfare area. It is obvious from the nature of the problems I have discussed that our attitude in any given situation must take into account all of the other problems we face at the Federal level. The long-range trends which are of particular concern to the life insurance business must also be considered. It is our view that a business so vitally affected by Federal legislation should not adopt a completely inflexible attitude in any given area. This does not mean that we should follow a practice of compromising major issues in an effort to forestall more drastic intervention, although in some situations alternatives must be carefully weighed.

The approach we have consistently followed during the last five years has been one of cooperative study. This may be described as helping government in its search for solutions to some of the problems resulting from the demands of society, yet reserving the right to oppose solutions that are not in the public interest. Through this type of cooperation we are in a better position to demonstrate to government that private facilities should be used to the maximum extent feasible. When private business cannot provide an essential social service and we are forced to concede that government participation may be necessary then, by virtue of our cooperative attitude, government is more likely to restrict its functions to basic need.

This relationship with government involves certain political risks. The chance that a government program once started will get out of hand is present in almost every political venture. But if the cooperative study approach is consistently pursued these risks can be minimized. Based upon our experience, we are convinced that the life insurance business in its relationships to government should adopt neither a policy of hostility nor compromise. Our program, with its risks and complexities, appears to be best suited to the long-range objectives of our business.

In considering trends in social welfare legislation the gap between what is and what ought to be probably exists in everyone's mind. Down through history, mankind has dealt with this gap in various ways. At times people have tried to ignore it. At other times, leaders have been too nagging about it. The ingratiating intervention of recent years suggests that we are living in such an era. Notwithstanding, no society has ever come very close to closing the gap. But never, for very long, have efforts to close it been given up. At this point in history, the gap between social ideals and the actual behavior of the world we live in is being narrowed, mainly by voluntary action. There is great hope for social progress. But there is also tension between the ideal and the real. Freedom is being sacrificed for government security. Voluntary insurance is caught between these forces. It will survive because it is idealistic, realistic and offers security without any sacrifice of liberty.

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Progress and Prospect In Tax Policy

avoid oppressive taxes—when this influence is stronger than the incentive to invest in new, risky, productive ventures—then is the time to reexamine the tax system. Then there is a *prima facie* case for saying that some taxes are too high.

How Far Have We Moved Toward A Better Tax Structure?

From the point of view of stimulating economic growth — and from the point of view of fairness —just how much progress have we made in tax legislation this past year? How far do we have to go?

We in CED have many yardsticks to measure progress in tax policy, and I would like to call on some of them to illustrate the answers to these questions.

Individual Income Tax

In our tax statement last winter, our concern for economic growth led us to ask high priority for the reduction of the individual income tax in any future tax reduction program. We said that all income brackets should share in a reduction; but major emphasis should be placed on reducing rates now ranging from, say, 40% to 90%. That means net incomes of married couples in the $25,000 to $200,000 range.

Effective Jan. 1, 1954, we discarded about half the rise in the individual income tax that was occasioned by the Korean War—the 11% rise provided for in the Revenue Act of 1951. This is all to the good, but hardly reason for complacency. The task of redressing the imbalance in the rate structure of the individual income tax must still be put in the category of unfinished business. When it is possible to talk about tax reductions again, this should be given high priority.

Excise Taxes

The government has also made a start in eliminating selective excise taxes. With the exception of excises on liquor, gasoline, and tobacco, which we regard as special cases, CED feels that the Federal Government should if possible meet its revenue requirements without consumption or sales or excise taxes. We feel this way because these taxes do not permit distinctions to be made on the basis of the taxpayers' income and family status.

CED recommended this year a step-by-step reduction in selective excises, looking towards elimination of these taxes, if conditions permit, in a four-to-five-year period. Last April, excise taxes were reduced about $1 billion; most rates above 10%—liquor, gasoline, tobacco, and automobiles excepted —were reduced to 10% or in one or two cases to below 10%. This April, excises on liquor, gasoline, tobacco, and automobiles and automotive parts are scheduled to be reduced, involving the loss of perhaps another $1 billion in revenue. Even if this scheduled reduction proves possible, however, the government will still be raising about $9 billion in revenue via selective excise taxes.

It may be that the goal of eliminating selective excises in four to five years is not a feasible one. If this proves to be true, we have recommended the substitution of a Federal sales tax at the retail level for all the selective excises outstanding except those on liquor, tobacco, and gasoline. The universality of a sales tax makes it a lesser evil than the discrimination that is inherent in selective excises.

Corporation Tax

The corporation income tax is also scheduled to come down this April—from 52% to 47%. This reduction, originally scheduled to go through last April, was postponed to allow other reductions which Congress and the Administration considered more important.

CED has in many statements strongly urged the de-emphasis of the corporation income tax. Too many business decisions today are dominated by a desire to avoid excessive damage from the corporation income tax. Investment in new, productive ventures suffers accordingly.

Just as strongly, we object to the corporation income tax on the grounds that we know so little about who ultimately foots the bill. We know that this tax is not ultimately paid by the corporation. It is paid by individuals —consumers, stockholders, wage earners. How much does the consumer pay in the form of higher prices? How much is paid by the stockholder in reduced corporate dividends? How much is paid by wage earners in the form of lower wages?

Few taxes have less justification either on grounds of fairness or in regard to their effect on economic growth. But the rate has become so high that it would take much more drastic revision of our

tax system than we have ever had to substantially reduce our dependence on this form of revenue. I hope that conditions will permit some reduction this April; but it may well be that next year, like this year, it will prove wise to postpone again attacking this problem, in favor of attacking other tax problems where the effect will be greater.

Depreciation Allowances

The greatest advance in the 1954 tax bill was, I think, the liberalization of depreciation policies. CED was concerned last winter lest inadequate depreciation rates seriously inhibit businesses from replacing obsolete plant and equipment. We suggested that business men be allowed more freedom in fixing the service life of their equipment; that they be allowed to write-off twice as much of its value in a given year or that they be allowed to write-off 90% of the value of the item over two-thirds of its service life. I am glad to say that all of these are among the desirable provisions of the new laws governing depreciation.

We in CED were also glad that belated recognition has been given to the fact that double taxation on corporate dividends violates the principles of fairness. We would have preferred to see the matter handled in another way. We feel it would have been more equitable if corporation stockholders were permitted to treat a portion of the corporation profits tax as a withholding levy on their dividends. Furthermore, the actual relief thus far granted cannot be considered to be more than a gesture. But a tax system always is improved by recognizing sound principles; and, if conditions permit, perhaps we can regard this year's effort as merely the first of several steps toward removing this iniquitous tax altogether.

Where Do We Go From Here?

Measured by our yardsticks, 1954 goes down as a very good year for tax progress. The accent was on relief where it tended to stimulate economic growth. The objective of fairness was recognized in many revisions of the old law.

But our yardsticks tell us there is a long way to go yet before the demands of our tax system are reasonably reconciled with our continuing need for economic growth. With the exception of depreciation allowances, hardly more than a start has been made against those facets of the tax system which most inhibit economic growth. The crucial point of excessive rates was not touched on during this year's deliberations.

Can we look for more progress in the coming year? Can we, perhaps, start to work on new trouble spots in the tax system?

I wish I were sure enough of the future to answer these questions with a resounding "yes!" So long as so much of the weight of the tax system is thrown against incentive and initiative, I shall be concerned and impatient.

But 1955 is bound to be different from 1954. The conditions that made tax cuts possible this year won't be the same next year. Some may be the same; new things may happen to increase the likelihood of tax cuts. But in some quarters, the winds may shift against us.

It all depends on how two difficult question are answered:

(1) What is the prospect for the total level of taxes?

(2) What is the prospect for further reform of the tax structure?

Budget Policy

The answer to the first question will come when the Administration makes clear the budget policy it intends to follow.

We can all agree that we want enough tax revenue to balance the budget. But in any given year, such agreement is inadequate to serve as a guide on tax policy. What budget are we talking about? Do we want balance in every year under all sorts of conditions? How we answer these questions determines our budget policy. In fiscal 1956—or in any other year—the budget policy we adopt tells us a lot about what we can do in changing the total level of taxes.

I'm not going to try to guess what budget policy President Eisenhower and Secretary Humphrey will adopt, but we know they have in mind balancing the cash budget at the earliest date practicable. We in CED have developed a budget policy over the years of which we are very proud. I'd like to look at the tax prospects for fiscal 1956 in terms of this policy.

We say that when you talk about balancing the budget, you should talk about balancing the cash-consolidated budget, not the administrative budget. The chief difference between these two budgets is that the cash-consolidated budget is more comprehensive—it includes not only all the accounts in the administrative budget, but also the social security accounts, the veterans' life insurance accounts, and other trust accounts.

Unlike the administrative budget, the cash-consolidated budget reflects all the cash payments the public makes to the government and all the cash payments the government makes to the public. As such, it measures the total impact of Federal Government finance on the private economy better than the administrative budget. If the cash-consolidated budget is balanced in two successive years, Federal finance has not become appreciably more inflationary or more deflationary between the two years.

Furthermore, we believe that to make budget balancing meaningful, you have to define the conditions under which you want to bring it about. We say the cash-consolidated budget should be balanced — or yield a moderate surplus—under conditions of high employment. For this purpose, we define high employment as existing when 96% of the civilian labor force, as measured by the Census Bureau, is employed. Above this point, we believe that we should have a surplus and retire Federal debt.

This definition of our budget policy is dictated by a desire to promote stability in the economy. If we set out to balance the budget every year regardless of the economic situation, tax rates would have to be raised in a recession, for the yield of existing tax rates would decline in a recession. Such action, of course, would aggravate the recession. Similarly, balancing the budget annually would call for tax reductions in inflation — an action that would, of course, intensify the inflation.

Our policy aims at maintaining stable tax rates that will yield surpluses in inflation and deficits in depression. In other words, we hold to a stabilizing budget policy.

What are the implications of this policy for taxes in fiscal 1956? We have a committee working on this very question right now, so what I have to say is strictly my own opinion—in no way anticipating CED's conclusions.

The Administration has forecast a $2 billion deficit in the cash budget for fiscal 1955. Since June, Census Bureau index of civilian employment has averaged 95.2%; in other words, we have been operating at just below high employment as CED defines it for budget policy purposes. If we had been operating at high employment this fiscal year, I think it is fair to assume that the government now would be projecting a balanced cash budget in fiscal 1955 instead of a $2 billion deficit.

We will lose, I figure, some $2 billion in revenue in fiscal 1955 from two tax developments. The new, liberalized depreciation allowances under this year's tax law were retroactive to Jan. 1, 1954; this will cost the government some $600 million in revenue in fiscal 1956. At the same time, the Mills Plan for speeding up corporate profits tax payments has run its course; this may cost the government as much as $1.4 million in revenue this year. However, I think both of these revenue losses will be canceled out by increased tax yields from the normal yearly growth in the economy.

These rough calculations lead me to conclude that the chances for tax reductions in fiscal 1956 are about equal to the chances for reductions in government spending. We know the trend in government expenditures is down. The spending level may be down as much as $3 billion, or enough to allow the scheduled reductions in the corporate income tax and in selected excise taxes to go through. I must emphasize, however, that these may not be the forms in which Congress and the Administration will want to grant this amount of relief even if they find they are able to afford it.

A recent announcement has indicated that the Administration will opose any tax reduction next year. It may turn out that this is the necessary course to take. However, we do not have enough information yet to rule out all tax reduction if we base our fiscal policy on balancing the cash budget at high employment. We won't know enough until we know what the Administration expenditure plans are and have given them some study.

Revenue Studies

Whatever the ultimate decisions affecting the total tax level, there is always a chance to shift tax burdens within the present revenue code. A clue to possible shifts in fiscal 1956 can be found in the tax problems the Treasury and others in government are currently studying.

There are six major tax studies under way at Treasury now. They are:

(1) How should capital gains be taxed?

(2) Should consolidated returns

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be penalized? Should intercorporate dividends be taxed?

(3) Should the present allowances for depletion be changed?

(4) How should farm cooperatives and other mutual institutions be taxed?

(5) Should further tax relief be granted for foreign investment income?

(6) Should savings for retirement of the self-employed be taxed?

Outside of the Treasury, the President's Commission on Intergovernmental Relations, under the direction of my good friend and colleague in CED, Meyer Kestnbaum, is, among other things, looking into the knotty tax relations between the Federal Government and state and local governments.

It is impossible to predict whether any of these studies will lead to action this year.

It is encouraging, at least, that such a pertinent list of problems is under consideration. Obviously, some of these problems, if resolved, would yield increases in tax revenues. This in turn would make possible the reform of other parts of the tax laws which would cost the government revenue.

CED has made recommendations on many of these questions in the past and is studying many of them now.

In The Long Run

While the prospect for taxes in fiscal 1956 is not without its encouraging aspects, it isn't the bullish kind of prospect you and I would like to see. I can predict with regret that we will still be worrying about the effects of the tax burden on economic growth next year, the year after, and for many years after that.

Over the long run, I am convinced that the most fruitful source of tax relief will come from a wiser control of government expenditures. The art of budgeting $70 billion odd in government expenditures each year is relatively new in our experience. I am sure that our present system of budgeting can be refined and improved in innumerable ways in the years ahead. I am convinced that such refinements and improvements can yeld us substantial savings in the long run by allowing us to reach sounder judgments about how much government should spend and about what services government should perform.

This art of budgeting Federal expenditures involves exploring each and every service of government and deciding whether any services are worth less than they cost. It involves continually checking the effects of total government spending on the private economy. These explorations are vital ones which all of us as citizens, including our elected representatives, should pursue relentlessly.

Those who would explore the wisdom of government expenditures will find the Federal budget document of unique importance. It is the one place where most of the government spending programs are set down together; the one place where the benefits of these programs can be considered in light of their costs. How this document is prepared in the Executive Branch and considered by Congress is of strategic importance in reaching decisions as to what government should do and how much it should spend on each of its activities.

Early in the new year, CED will publish a study on the control of government expenditures, which, if I don't miss my guess, will give you a lot of food for thought. We think there is room for substantial improvements in the quality of expenditure decisions and we have some major suggestions to make for improving the process.

Our study is a study of procedures. We have tried to devise procedures for assisting the Congress and the Administration to make the comparisions and judgments which we feel are necessary for a wise control of government spending. Right now, for one thing, Congress approaches expenditure decisions without taking into account the fact that the various government activities are competing with one another for Federal funds. We cannot escape from deciding, for example, whether the amounts we spend on guided missile development and highway construction should be left the same, or whether one expenditure should be increased at the expense of the other. Complicated as these comparisons are, we must encourage Congress to face them in order to avoid having each expenditure program considered in isolation, as is the tendency now.

For another thing, we need better procedures for encouraging the Executive and Congress to compare the benefits of government services with the private product we give up to pay for these services. In part, this means finding a way of insuring that Congress consider expenditure decisions and revenue decisions together. No such joint consideration occurs now. If we feel that taxes now are too high in terms of economic growth, surely this is a glaring weakness in the art of Federal budgeting as now practiced.

There are many other angles to this business. We aren't satisfied with the procedures the government now uses to encourage operational efficiency, and we have some concrete suggestions to make about this problem.

The information set out in the budget document now is both inadequate and highly confusing in detail. The very essence of controlling government expenditures depends on relating spending programs to policy objectives, but only a many-headed genius could do that with the information now presented to him in the budget document . . . at least it would take a many-headed genius to base sound expenditure decisions on this information.

Procedures, of course, are no substitute for an enlightened citizenry's making its views known to a receptive Congress and Executive. But procedures can be helpful if they bring out the issues involved in the budget clearly and thereby stimulate public interest in the control of government expenditures. As I said before, this art of Federal budgeting is new; there are many unexplored avenues for improvement.

It is because of the newness of this art that I, for one, look in this direction for progress in tax policy in the long run. I believe that improving the quality of expenditure decisions is bound to lead to lower taxes. By going about this business of Federal budgeting more efficiently—more scientifically—we may find that it is in the national interest for government to spend more, not less, on some items. But I am convinced that we shall find that adoption of procedures which make it possible for the Executive and Congress to make better expenditure decisions will result, overall, in a reduction of unnecessary expenditure and waste in government. This will make lower taxes possible.

* * *

It is surprising how many of our big national problems become involved when we set out to assess the prospects for tax reduction and tax reform. We say continued rapid growth of our economy is imperative as the source of both national security and improved living standards. We say that success in achieving this growth will depend in large measure on the character of our tax system and the ways it affects investment, innovation, and incentive.

After a decade of depressions followed by a decade of inflation, we are, at the same time, acutely aware of the need for much greater economic stability. When we say this, we mean that the government must raise enough taxes, relative to our expenditures, to avoid long-run inflationary or deflationary plunges. The Federal budget is one of the main sources of stability or instability in our economy.

Finally, history has assigned to us in this mid-point of the 20th Century tremendous challenges and responsibilities. These challenges and responsibilities require us to shoulder each year a huge national security budget which must have priority over considerations of tax reduction. But this overriding priority is not a license for waste and inefficiency. The Federal Government today spends about one-sixth of our annual production of goods and services. Obviously, we all stand to lose if this tremendous wealth is spent unwisely and inefficiently. The very size of this budget should create in the country a sense of urgency to promote efficiency and economy in government.

Because tax policy involves all these high policy matters, responsible solutions rest ultimately on an alert and informed public, willing to make its views known to the Congress and the Executive. I believe the public today is pretty well attuned to the need to give high priority to considerations of economic growth. But that is only the beginning. To accept the importance of economic growth is easy; to do what is necessary to stimulate economic growth is much harder.

We need the kind of public interest and concern that will encourage Congressmen to turn down the special Federal or State projects in their own backyards. We need the kind of public interest and concern that will encourage our elected leaders to consider economic growth first and political expediency last when and as it becomes possible to reduce taxes and reform our tax system. Without this kind of grass-roots support, our objectives in tax policy are certain to remain somewhere over the horizon.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of Samuel M. Beattie to Gayer D. Bellamy will be considered on Jan. 13.

Weinress & Company retired as an Exchange member firm Dec. 23.

Douglas E. C. Moore withdrew from partnership in Lester, Ryons & Co. Nov. 30.

James S. Wilson withdrew from partnership in Josephthal & Co., Dec. 31.

Orval D. Penn retired as assistant vice-president of T. C. Henderson & Co., Inc., Jan. 4.

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1955—The Consumer Is Back in the Driver's Seat

customer that business has. He, too, was economy-minded. His biggest bills are for national defense, and on that he really clamped down hard. Business felt it.

It is not to be assumed that the consumer dished out his money like a spendthrift. On the contrary, he also did some economizing, particularly in the purchase of hard goods. He scrutinized products and their price tags carefully, and to many an eager salesman approaching him hopefully for an order he said, "I'm just looking." But he didn't overlook any bargains, and sure enough there was so much that he needed and wanted that he bought more than ever.

The question uppermost in many minds is, what about 1955? We have consulted many businessmen — bankers, farmers, manufacturers and merchants—and the predominant opinion is that 1955 will be better than 1954. If so, where will the business come from? Businessmen themselves are still treading cautiously and so is Uncle Sam. Consequently, if business is to rise above current levels it must come from more spending by state and local government and more spending by consumers. Most of the "more" is up to the consumer.

Where We Are and How We Got There

The casual reader, wandering through the wilderness of business statistics, is likely to get upsy-downsy dizziness. Perhaps this can be avoided with the aid of a somewhat over-simplified chart designed to portray all business activity. The bars show the country's total output of goods and services, including Government services. The bar on the left presents business at its all-time peak in the second quarter of 1953; the middle bar is the latest picture and the one on the right indicates what may happen next year. Don't worry about seasonality; the sketch has been properly doctored to take care of that. If it seems strange that total business activity should be represented by blocks of expenditures, remember that in a money economy like ours practically everything is produced for sale. Therefore total production equals total spending. Moreover it is easier to analyze the situation in terms of expenditures.

How much business activity declined since the peak of last year is indicated by the difference in the height of the bars. Spending, or the production of goods and services — whichever way you want to look at it—declined from a seasonally adjusted annual rate of $370 billion to $356 billion. That is a drop of $14 billion, or a 4% recession. It was a mere ripple in comparison with the 46% recession in the 1929-1933 period.

Differences in the sizes of the blocks show changes in rates of spending by major groups — the consumers businessmen and governmental bodies. Since the peak of last year, consumers made no cutback in their total money outlays: nor did residential construction decline. On the contrary, expenditures in both areas increased. The 4% recession originated primarily in business spending and government spending.

The place where businessmen cut down the hardest on expenditures was on inventories. In the spring of 1953, businessmen were laying up inventories to the tune of $5 billion a year or a little better. In the latest quarter they were drawing down inventories to the tune of about $5 billion a year. Thus the shift from accumulation to liquidation of inventories was a $10 billion drag on business activity. A minor element was the fact that businessmen also made slight cutbacks in their outlays for plant expansion and modernization of equipment. Most of the change, however, was caused by the complete turnabout in inventory policy. In fact, the situation is similar to what happened in 1948-1949, which is commonly referred to as an "inventory recession."

Government spending also has receded since the 1953 peak—not state and local government expenditures, for they continued to grow, but Federal Government outlays have been trimmed substantially. The reason: national defense. Federal Government purchases of goods and services on national security account have been reduced by $12 billion since the spring of 1953. Expenditures for purposes other than national security have been reduced somewhat in excess of $2 billion. Expenditures by state and local governments, however, are currently running at an annual rate of over $3 billion above the spring of 1953 outlays. The net result is a decline of $11 billion for all government expenditures.

So here we are, with a national economy employing 62 million workers producing at the rate of $356 billion of things and services. Wage rates are high, profits good, prices steady. Brand-new 1955 cars made an early debut, color television for the mass market is promised by Christmas, and the stock market is "ticker happy." Business inventories are still on the decline, and the pile of butter, cotton, peanuts, and other Federally supported farm products is still on the increase.

Where Do We Go From Here?

Two of the pleasures of living in a democracy are that anyone can write a business forecast, and no one has to read it. Two of the things that discourage us from making a forecast are that so much depends on the consumer and there are so many of them.

At the Department of Commerce in Washington there is a population clock that ticks off a birth every eight seconds, tolls out a death every 21 seconds, registers the arrival of an immigrant every two minutes, and the departure of an emigrant every 24 minutes. The net gain is one individual every 12 seconds. So by December 1955 there will be 2,623,000 more people around—the equivalent of another Philadelphia and five Wilmingtons on the Delaware. That is the basic force that keeps business expanding.

Consumer Spending

The chart shows plainly that consumer spending is the lion's share of all spending. At present it is 66% of the total. In times of war, as in 1944, it goes as low as 52%. In times of peace, or peace as we know it, the consumer proportion of total spending hovers between 65 and 70%.

Since no one knows how the consumer will behave, all we can do is to look at his recent behavior and seize upon every available shred of evidence as to his intentions. First, let's pry into the consumer's spending habits. Currently, the consumer dollar is being spent like this: 52 cents for nondurables, 36 cents for services, and 12 cents for durable goods.

Fortunately for business, the biggest category is nondurables. It consists of food, clothing, smokes, gas for the family car, medicine from the drug store, and things innumerable for which Pop must reach into his pocket whenever the delivery man knocks at the door. Household inventories of such things are usually small, replacement is frequent, and demand is continuous. For nondurables, consumers are currently spending at the rate of $121 billion a year. It doesn't fluctuate much and it has an almost inevitable tendency to creep ever higher.

Services are such things as rent, doctor bills, entertainment, education, laundering, TV repairs, light and water, permanent waves, and baby sitting. The record shows that consumers are constantly spending more for services—it takes a lot of dough to straighten junior's teeth, to send him through college. Spending for services currently is at the rate of $85 billion a year, and spending for services has a tendency to grow larger at a rate slightly faster than creeping. It grows on the double-creep.

The 12-cent item for durables looks like a lone little statistic, good only as a filler to make the total come out to a hundred. But not so. It is the frosting on the cake. It is the motor car with 200 horsepower; the TV with a 24-inch screen; the self-winding wrist watch; the self-defrosting refrigerator. This is the area where consumers are least predictable in their spending.

Currently, consumers are spending at the rate of $29 billion a year for durables. In the spring of 1953 it was a shade over $30 billion a year, and by the fourth quarter of 1953 it had dropped to a $28 billion rate. The decline was one of the reasons why manufacturers had to reduce hours of work and lay off some factory workers.

Changes in total spending for durable goods are reflected mainly by fluctuations in purchases of new automobiles. Domestic registrations of new passenger cars may reach 5.3 million this year compared with 5.7 million last year, and a record 6.3 million in 1950. Automobile purchases, which were lagging a bit in late 1953 and early 1954, picked up in the spring. To help themselves and to lure the consumer, manufacturers made substantial changes in the design of their 1955 models, which were brought out somewhat earlier than usual. Manufacturers are geared for a big year but it is too early to say whether consumers are excited enough about the new offerings to buy all the cars that the industry is prepared to offer. Dealers are in better shape—their stock of old cars is only about half of what it was when new cars were introduced last year.

The outlook for sales of automobiles and major household appliances is better than it was a year ago or even a half year ago, according to the latest report of the Survey Research Center at the University of Michigan. About

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Mutual Funds

By ROBERT R. RICH

Bank Fiduciary Fund To Start May 1st.

Incorporation of the first mutual trust investment company in America was accomplished at a special meeting of the New York State Banking Board.

The new company, to be known as the Bank Fiduciary Fund, was sponsored by the Trust Division of the New York State Bankers Association.

According to Charles W. Buek, Chairman, Bank Fiduciary Fund Committee of the Trust Division, New York State Bankers Association, and Vice-President, United States Trust Company of New York, this action culminates three years of study and coordination by the Bankers Association, the State Banking Department, leading Surrogates' Associations and other interested agencies.

The Bank Fiduciary Fund will provide a legal investment medium for trusts, estates, and guardianships administered by banks in the State of New York. In a letter notifying the Association of the bank board's action, Superintendent of Banks, William A. Lyon said:

"We are pleased to inform you that the Banking Board at its meeting today approved the certificate of incorporation of Bank Fiduciary Fund, and I have affixed my approval as Superintendent of Banks." . . .

"We are happy that efforts to form a fund for the investment of trust moneys held by the smaller corporate fiduciaries of the State, which began three years ago, have now achieved their fruition.

"We in the Department believe that this Fund will fill a valuable place in the community and will permit corporate fiduciaries to bring better diversification and more effective service to the public."

Enabling legislation, said Mr. Buek, was passed in the 1954 session of the New York State Legislature. Since that date the project has been under study by the Federal Reserve Board in Washington, which recently gave the new company its final clearance.

Permanent directors and officers of the Fund will be elected at a meeting scheduled for Jan. 24. Under the provisions of the plan one director will be chosen from each of the nine banking districts of the State. The first action of the new board of directors will be to select one bank or trust company to serve as custodian and investment advisor for the company. It is now anticipated that the Fund will commence operations May 1, 1955.

The Bank Fiduciary Fund is an open-end mutual fund which will operate on a non-profit basis and without loading charges. The Fund will be valued quarterly and in many respects it will resemble a common trust fund. This resemblance is deliberate, for the Bank Fiduciary Fund is intended to offer common trust fund facilities to more than 200 of the smaller banks of the State.

Bankers in other states have taken a keen interest in this project drafted by a special committee of the Trust Division, New York State Bankers Association, headed by Mr. Buek with Mr. Orrin Judd as Counsel.

NET ASSETS of Scudder Fund of Canada Ltd. on Nov. 30, 1954 amounted to $31,916,401 ((Canadian dollars), equal to $32.92 in U. S. dollars per share, according to the Fund's semi-annual report to stockholders. This per share net asset value represented an increase of 9.73% over the $30 per share with which the Fund began operations on June 14, 1954. On Dec. 28, 1954, the per share net asset value was $34.09, an increase of 13%.

Of the Fund's assets on Nov. 30, $31,754,944, or 99.5%, were invested in securities as follows: common stocks, $24,731,300, or 77.5% of the total; Government of Canada securities, $3,882,953, or 12.2%; other bonds and notes, $2,763,688, or 8.6%; and preferred stocks, $377,000, or 1.2%.

Principal additions to the Fund's common stock portfolio since the initial report on Oct. 15, 1954 included 6,000 shares Hudson Bay Mining & Smelting Co. Ltd.; 1,500 shares Canada Cement Co. Ltd.; 7,000 shares Interprovincial Pipe Line Co.; 5,000 shares MacMillan & Bloedel Ltd. "B"; 4,000 shares British American Oil Co. Limited.

New items included 8,200 shares of Bathhurst Power & Paper Co. Ltd. "B"; 300 shares Philips Incandescent Lamp Works Ltd.; 10,000 shares Argus Corp. Ltd.; 5,000 shares Ontario Steel Products Co. Ltd. The Fund also purchased $1,000,000 Government of Canada 3% bonds due 1959-1962.

Sales during the six weeks interval between Oct. 15, 1954 and Nov. 30, 1954 included $1,700,000 Government of Canada 3% bonds due 1953 and $1,700,000 Government of Canada 3¼% bonds due 1956-1960. Also sold were $700,000 principal amount Bell Telephone of Canada 3¼% bonds due 1974-1976, leaving $300,000 of these bonds in the portfolio.

The Fund disposed of 1,450 shares of the common stock of Hiram Walker-Gooderham & Worts Ltd. and 7,100 shares of the common stock of Dominion Tar & Chemical Co., Ltd.

GROUP SECURITIES, sponsors of five general mutual funds and 16 single industry classes, registered substantial gains in both assets and sales during the calendar year ended Dec. 31, 1954, Herbert R. Anderson, President, reported.

Assets rose to $83,221,913, an increase for the year of $29,394,315, or 55%. Sales for the year totaled $20,577,727, a gain of 121% over the preceding year.

Since its inception in late February of 1954, The Capital Growth Fund, a Group Securities fund, has shown an increase in net asset value per share from $6.52 to $9.87, representing a 51% gain. Total assets on Dec. 31, 1954 amounted to $4,344,718.

D. I. F. Shares Increase 34%

Net assets of $47,857,797 were reported by Diversified Investment Fund, Inc., a balanced fund for income, in its report to shareholders covering its 10th year of operation which ended Nov. 30, 1954. This compares with net assets of $33,109,727 on Nov. 30, 1953, a gain of $14,748,070.

The report shows net assets per share of $8.37 as compared with $6.51 per share on Nov. 30, 1953, an increase of 34% after adjustment for the capital gain distribution of 36 cents per share made on Nov. 26.

More than 14,000 shareholders in Diversified Investment Fund shared in the regular dividends paid by the fund during the year, totalling $2,084,803. These payments amounted to 38 cents per share as compared with 36 cents per share distributed in 1953.

Among the securities added to the fund's investments during the second half of the year were $400,000 Tennessee Gas Transmission Co. 4¼% debentures due 1974; 15,000 shares of Pacific Gas & Electric Co. 4½% preferred; 18,000 shares Robert Gair Co.; and 4,000 shares U. S. Steel Corp. Securities sold by the fund during the same period included 7,500 shares Seaboard Finance Co. $2.12 preferred; 11,000 shares Air Reduction Co.; 6,000 shares Bendix Aviation Corp.; 36,000 shares Greyhound Corp.; 17,000 shares McCrory Stores Corp.; and 7,000 shares National Tea Co.

As of Nov. 30, 1954, cash, bonds and preferred stock holdings amounted to 29.7% of assets. Largest holdings among common stocks were in the oil and gas industry (6.2% of assets), building supply industry (9.6% of assets), steel industry (6.2% of assets) and in the paper and paper products industry (6.1% of assets).

Putnam Reports Record Year

The George Putnam Fund of Boston reports a year of record growth in 1954, with total net assets at a new high of over $100 million compared with $67 million a year ago.

Asset value per share increased from $18.01 at the beginning of the year to a new all time high of $24.17 at the year end, adjusted for the capital gains distribution of 60 cents per share in December.

Sales of new shares were the largest on record totaling approximately $15.6 million, an increase of 30% over 1953. The number of shareholders rose to 28,900 as compared with 25,300 a year ago.

Payments to shareholders in 1954 totaled $3,045,300 from investment income and $2,544,600 from realized capital gains. As of the year-end total unrealized profits exceeded $27 million.

George Putnam, chairman of the trustees, said the fund ended 1954 with approximately 69% of its resources invested in common stocks, compared with 63% a year ago.

Mr. Putnam noted that "The sharp rise in the stock market during the year has increased the need for careful selection and caution. The trustees continue to feel, however, that the outlook justifies a strong position in good quality common stocks."

TOTAL NET assets of Investors Selective Fund rose 58% to $20,723,845 at the close of the fund's fiscal year ended Nov. 30, an increase of $7,631,235 for the year.

PERSONAL PROGRESS

THE CROSBY CORPORATION, general distributor of Fidelity Fund and Puritan Fund, announces that Frank J. Holcombe, Jr., has been elected Vice-President. His office will continue to be at 111 Broadway, New York.

Mr. Holcombe, a graduate of Rutgers University and formerly a partner of Banks & Holcombe, has been in the security business for the past 25 years. He has been active in wholesaling mutual funds since 1948 and will continue to represent The Crosby Corporation in this capacity in the East.

Fund Economist Sees No Sharp Business Advance

"The outlook for business is for a progressive recovery founded upon a basically strong economic condition." This, in the opinion of Douglas R. Johnston, Vice-President of Commonwealth Investment Company, summarizes the results of studies made by his organization.

Mr. Johnston, who heads Commonwealth's investment analysis department, stated in part:

"Because there are few recession excesses to correct, a sharp upsurge in general economic activity is not anticipated. Rather, the economy should move forward gradually with an attitude of confidence influenced by a mutually satisfactory government - business relationship, a rising population trend, and a continually advancing technology.

"Considered in retrospect, little more than a year ago business activity was in the first stages of a recession, possibly one of menacing proportions in view of the high level of activity which had prevailed in the first half of 1953. The abatement of the decline in early 1954, however, soon revealed the underlying strength of the economy.

"The last year has been a period of test during which strong supports became evident in the favorable status of consumer expenditures, disposable income, money supply, commodity prices, private construction, and lower taxes. Meanwhile, beneficial adjustments have occurred in vulnerable areas as in the case of inventories and consumer credit. In short, the recession has been accomplished without the necessity for drastic liquidation of earlier excesses. In the past few months business conditions have been reaching a state of healthy equilibrium."

Fidelity Fund, whose assets at the beginning of 1954 were $91 million, has gained approximately $68 million during the past year. Puritan Fund, an income fund, has grown from less than $1 million to more than $4 million during 1954.

THE DIRECTORS of Keystone Custodian Funds, Inc. announce the election of Mr. Wilfred Godfrey as Vice-President in charge of Operations, and Mr. Ora C. Roehl as Vice-President in charge of Supervision.

Mr. Godfrey has been associated with Keystone Custodian Funds, Inc. since 1944 and for some years has been both Treasurer and a Director of the company. He will

continue to hold these positions in addition to his new duties.

Mr. Roehl has been active in the Research and Supervisory Division of Keystone Custodian Funds, Inc. since 1946 and has been General Manager of this important division for some years.

The Keystone Company of Boston, national distributor of the Keystone Custodian Funds, also announced the election of Mr. Henry F. Cate, Jr. as Vice-President. Mr. Cate has been General Manager of the company with which he has been associated since 1949.

THE APPOINTMENT of Warren A. Casey as Senior Security Analyst for the $24 million Delaware Fund was announced by W. Linton Nelson, President.

Mr. Casey has been associated with a number of leading financial houses in Boston and Philadelphia as Security Analyst, and has done similar work with governmental agencies.

He has served with the U. S. Securities and Exchange Commission as Senior Public Utilities Analyst and with the Federal Deposit Insurance Corporation as principal Security Liquidation Analyst.

Most recently, he has held the post of Security Analyst in the Philadelphia office of the New York Stock Exchange firm of Hecker & Co.

Mr. Casey is a member of the board of directors of Standard Products Company, world's largest manufacturer of automotive window channels. During World War II he served as Fiscal Officer with the Army Service Forces. He is a graduate of Boston Latin School and of Harvard University where he received his B. A. degree in 1934. He subsequently received his M. B. A. degree from the Harvard Graduate School of Business Administration.

THE APPOINTMENT of Samuel S. Cadwell as Vice-President in wholesale distribution of Delaware Distributors, Inc., sponsors of the $25 million Delaware Fund, was announced by W. Linton Nelson, Chairman of the Board of the distributing company. Mr. Cadwell first joined the Delaware organization in December, 1952, as an area sales manager. In his new post he will supervise the wholesale distribution of Delaware Fund shares in New York State, Central Pennsylvania, Washington, D. C., and the South.

Mr. Cadwell is widely-known among security dealers throughout the country. At one time he was associated with Value Line Investment Survey and Lowry's Investment Reports, of New York City, and with the Cambridge Associates, investment counselling organization of Boston, Mass.

Lord, Abbett & Co. Admits Six Partners


Alvin H. Berndt


Gerald M. Goodman


A. R. Johnston


Bert R. Jones


D. C. Kennedy, Jr.


Wilbur J. Strauss

Lord, Abbett & Co., 63 Wall Street, New York City, investment managers, announce that the following were admitted to general partnership in the firm on Jan. 1, 1955: Alvin H. Berndt, Gerald M. Goodman, Alexander R. Johnston, Bert R. Jones, Daniel C. Kennedy, Jr., Wilbur J. Strauss.

Amer. Business Shares Reports 13% Share Gain

The annual report of American Business Shares, Inc. for its 22nd fiscal year ended Nov. 30, 1954 shows net assets of $33,821,000, equivalent to $4.49 per share, compared with $3.97 on Nov. 30, 1953 an increase of 52 cents a share, or 13%.

Included in the net assets at the fiscal year end was $3,356,898 of net realized security profits, which will be distributed on Dec. 31 to shareholders of record on Dec. 1 at the rate of 45 cents per share.

Common stocks represented 55.48% of the Company's assets on Nov. 30, 1954.

Largest holdings were in electric light and power, banking, tobacco and telephone stocks.

Bonds, preferred and guaranteed stocks, and cash accounted for the remaining 44.52%.

"We are confident," states H. I. Prankard II, President, in the report "that over a long period of time our policy of changing the balance of our investments between bonds and preferred stocks, and common stocks, and our policy of changing the individual securities within these two major categories as economic conditions and market conditions dictate will continue to produce the good investment results which we seek for our shareholders."

Net assets on Nov. 30, 1954 were $33,821,000 compared with $35,507,940 a year ago.

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1955—The Consumer Is Back in the Driver's Seat

eight out of nine of the families interviewed in October expected that they would be as well or better off financially in 1955 than in 1954, and a larger number than in previous surveys felt that "this was a good time to make purchases because of lower prices."

Living Below the Index

The all-commodity index of consumer prices that portrays the cost of living shows practically no change for over a year. In recent months, it has yielded a few decimal points in favor of the consumer—but only with great stubbornness. Decreases in the cost of food and transportation are largely nullified by increases in other items like rent and medical care.

Consumers are shopping around. For air conditioners, household equipment, automobile tires, and other such durables, many of them go to one of those places where they get a discount for cash-and-carry. Discount houses, according to a press report, are said to be doing 18% of all retail trade. That may be a generous estimate, but discount houses are flourishing. Recently, a leading manufacturer of electrical products gave his distributors the privilege of setting their own retail prices for the company's products.

The Wherewithall for Spending

Consumer spending is at least primarily dependent on disposable income. Therefore it is significant that in the post-war period disposable income has been well maintained through two recessions—in 1949 and in 1954.

The influence of disposable income on spending produces its full effect only after a period of time. This lag means that next year's spending is partly determined by today's earnings. Thus the recent stronger trends in employment, wages, and hours seem to foreshadow some strengthening of consumer demand.

In addition to income, consumer liquid-asset holdings influence consumer spending. A large store of savings generates confidence and causes people to buy with less hesitancy. It is of course difficult to measure the adequacy of liquid savings. Such questions as who holds what type of asset must go unanswered. But a straight comparison between liquid-asset holdings and disposable income suggests that consumers are a little better fortified. At the beginning of 1954 the stock of liquid savings of consumers approximated 82% of disposable income. Consumers will step into 1955 with liquid assets valued at 86% of disposable income.

On the other hand, debt obligations influence spending also. Total contractual payments on mortgage and instalment debt, life insurance policies, property taxes, and rent tend to pinch spending on current consumption. The total of these payments will probably be somewhat more burdensome at the beginning of 1955 than was the case in 1954. This factor will at least partly offset the higher level of liquid assets.

On the basis of the foregoing analysis and evidence, there is a pretty good probability that consumers will continue to increase their spending. In the third quarter of 1954, total consumer spending was at an annual rate of $235 billion—$4 billion above the third quarter of 1953. Increased spending at this rate may be expecting too much, but some further expansion is expected.

Residential Housing

Money spent for new housing is really a special form of consumer spending. It is investment spending and is shown by the second layer of blocks in the chart. Though it looks like a little slice, spending in this category amounted to an annual rate of $12 billion in the spring of 1953.

Perhaps the biggest surprise of 1954 was the extremely strong showing made in the construction of residential housing. It now appears certain that new housing starts in 1954 will exceed every year except 1950. This means the United States economy has turned in its sixth consecutive year of a million or better housing starts. But it has not been always thus.

In 1933 we had just 93,000 new housing starts; in fact, over the entire decade from 1931 to 1940 just 2¾ million houses were built. At the outset of 1954, analysts were busy pointing out the decline in the rate of household formation. This drop presaged a decrease in housing starts, they said. They were wrong, and probably the biggest factor they overlooked was the influence that a plentiful supply of mortgage money would have. Mortgage money was tight in much of 1953, and the demand for housing seemed to be shrinking as we entered 1954. But the easing of money rates generally and the reduced pressure for business and instalment loans all went to produce a flood of mortgage money.

What about the year ahead? The number of marriages and consequently the rate of household formation is still declining. In addition, the stimulus given by the abundance of mortgage money is more than a year old. Then, too, we have built about 7 million houses over the past six years. These factors would seem to indicate that 1955 might not be a good year for residential construction. But housing starts in 1955 are generally expected to exceed 1954 and approach, if not equal, the record set in 1950.

The main reasons cited by those who make this prediction are the new Housing Act, high income levels, and the growth and movement of population. The Housing Act of 1954, effective Aug. 2, liberalized down-payment requirements — cutting them by percentages ranging from 20 to 52%. This permits people to buy homes who were not able to raise the down payment before. It also lets a homeowner move to a bigger house—he gets more house for the same down payment.

Construction of new housing at the current rate throughout 1955, to take a conservative point of view, should be very good. But people in the industry say they will do even better. They might be right.

Inventories and Investments

Now we come to the businessman. He is one of his own best customers. Business expenditures for inventories and new investments in plant are represented by the third tier of blocks in the chart. Such expenditures have declined from an annual rate of $44 billion in the second quarter of 1953 to $31 billion in the third quarter of 1954. Inventory liquidation, as already mentioned, has been one of the chief causes of the decline in business activity.

Inventories

Inventory changes exert a powerful influence on business, and inventories are always changing. They are the total stock-in-trade of business. Some are in the warehouse as bags of wool awaiting scouring; some are on the

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spinning frames becoming yarn; some are on the loom in process of becoming cloth; some are on the cutting tables of the needle trades; and some are in the show window as finished suits for the consumer to gaze upon and perchance to buy. Minerals dug out of the earth, fruit and fiber harvested on the farm, things hauled by the railroads and truckers are somebody's inventory and remain so in one form or another until the final customer says, "I'll take it." Then the goods cease to be business inventories and become consumer inventory, but there are no records of consumer inventory.

The money tied up in inventories is tremendous. Inventories are influenced by every purchase, by every sale, by every business decision. The business indicator labeled "inventory changes" is one of the twitchiest instruments on the business dashboard. Such changes are also the hardest to predict.

Inventory liquidation naturally has a depressing effect on business and the process has been going on longer than most people expected it would. Since the process of liquidation slowed between the first and second quarters of last year, it was thought that the end was almost in sight. But sure enough the third-quarter report showed an accelerated rate of inventory liquidation, only to confound the experts. Now what? Here again we must go groping for light.

In our September survey of capital expenditures, we asked manufacturers in the Philadelphia metropolitan area this question: "Except for seasonal changes, do you plan to increase, maintain, or decrease inventories in the near future?" About 79% said they were planning to maintain inventories at the levels then prevailing. Nearly 5% planned increases and about 16%, decreases. Since the number planning decreases outnumbered those planning increases three to one, it doesn't look any too good. Subsequently, however, there has been a noticeable change for the better in the business climate.

The Federal Reserve Board's Index of Industrial Production is picking up. Increased orders for major industries during October and November helped to confirm the opinion that inventory depletion is braking to a halt and that some producers are beginning to re-stock. Moreover, according to a recent survey of the National Association of Purchasing Agents, inventories of "purchased materials" have about reached bottom. Another favorable sign is the growing backlog of new orders in the steel industry, together with increased activity in steel production.

While there is no indication of a big rebound from liquidation to accumulation, a mere slowdown or cessation of inventory liquidation would have a favorable effect on business. Cessation of inventory liquidation at the third quarter rate of about $5 billion would indeed have a salutary effect, and it is entirely in the realm of possibility before long.

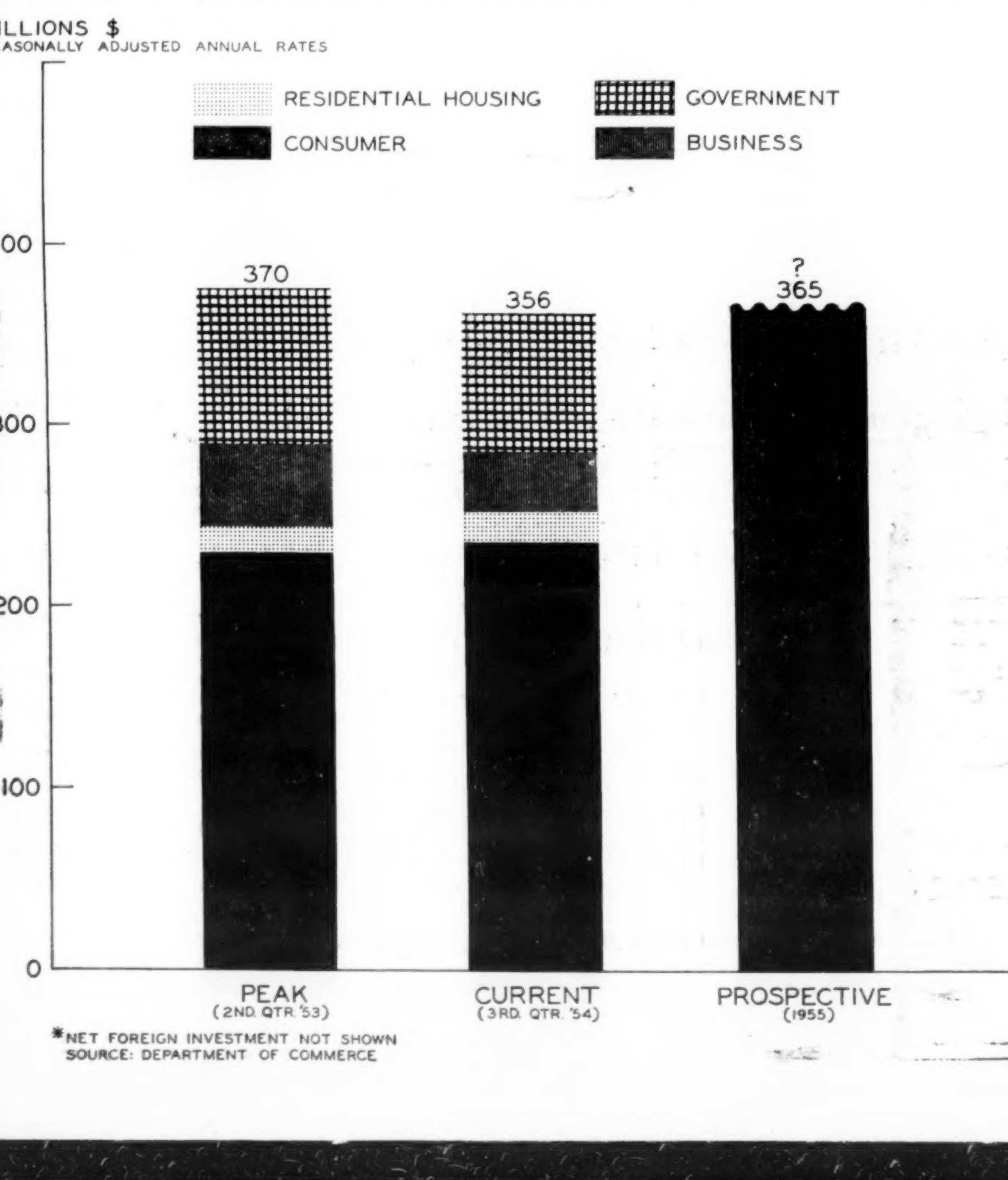
Business Investment Spending

Capital outlays for plant expansion and modernization of equipment have been running very heavy ever since the end of World War II. This rising trend was interrupted only twice—in 1949 and last year. Investment in plant and equipment hit a peak of slightly over $28 billion in 1953, and for 1954 it will be approximately $26.5 billion. It is rather generally expected that such outlays will continue to diminish in 1955.

Our survey among manufacturers in the Philadelphia metropolitan area, reported in our November "Business Review," definitely shows a declining trend. Utilities and railroads in this area, however, plan to spend just about as much as they did during 1954. According to estimates of the Department of Commerce and the Securities and Exchange Commission, business expenditures on plant and equipment during the last quarter of 1954 are 9% below the year-ago level and about 3% below the estimated 1954 average. The McGraw-Hill survey conducted in October indicates that manufacturing concerns will reduce expenditures in 1955 by 7% below investments made last year, and all industries are planning to reduce capital outlays 5% in 1955.

Faith in all the drooping forecasts of capital expenditures is already tinged with suspicion as a result of the recent upturn in new orders, inquiries, production, and sales. Seers with extra-long vision now think they foresee a possible upturn of capital expenditures by 1956 and possibly as early as late in 1955. This opinion is supported by the editors of "Fortune" in their report on prospective capital expenditures.

On the basis of known facts and appraised prospects, total spending by businessmen ought to give business a lift in 1955. Smaller outlays for plant and equipment are likely to be more than counterbalanced by larger outlays for inventories.



Government Expenditures

All government spending in the third quarter of 1954 was running at the annual rate of $7 billion As such it was the second largest block, accounting for 21% of total expenditures for goods and services. It is apparent, therefor, that government purchases of goods and services exert a large influence on the course of business.

Between the second quarter of 1953 and the third quarter of 1954, government expenditures declined $11 billion but it is unlikely that the trend will continue at this rate. Because expenditures by the Federal Government differ in amount, purpose, and trend from those made by state governments and their subdivisions, the two should be considered separately.

Federal Government expenditures in the third quarter of 1954 amounted to an annual rate of $48 billion, and $42 billion of that was for national security. Since the cessation of fighting in Korea, expenditures for national security have been on the decline. National security outlays have been cut back by $12 billion since the second quarter of 1953, but it is unlikely that further large reductions can be made. We are still living on the fringe of peace, and the maintenance and obsolescence costs of the machinery of national security are enormous. While outlays for national security are still on the decline, it is believed that they cannot drop much further. In this connection, Secretary of Defense Wilson has revealed that no further substantial reduction in defense spending from current levels is planned for fiscal 1956.

State and local government expenditures, running just a little short of $28 billion a year in the third quarter of 1954, were in excess of $3 billion higher than the rate of expenditures in the second quarter of 1953. The long-run trend is upward.

A substantial part of state and local government outlays comes under the category of education and transportation, and little or no decrease in the rising trend of expenditures is in sight in either of these categories. Despite all the construction of school facilities in the post-war period, overcrowding is still with us. We now have a great many more children of school age, between six and 17, and a good many more will be crowding into this age group because of the high post-war birth rate. Overcrowding on the highways is almost as bad as in the schools and hospitals. The number of motor cars on the highways has increased from 28 million in 1946 to 48 million today. The number is expected to reach 60 million by 1960. Then where will you park?

Prospective government spending in 1955, therefore, looks like this: some decline in Federal outlays and further increases by state and local government, with increases of the latter greater than decreases of the former.

Courage With Caution

Analysis and examination of each of the major areas of spending lead to the conclusion that business should expand moderately beyond current levels. The $365 billion with a question mark is placed on the chart not to convey the idea that spending will hit that mark but to convey to the reader what we mean by moderate. It is based on the expectation of increased consumer spending, continued residential construction at present levels, some expansion in business spending, and a slight over-all increase in government spending. An expansion from the third-quarter level of spending to $365 billion would be a little short of 3%.

Marine Midland Corp. Offering Underwritten

Marine Midland Corp., owning in the aggregate 98% of the stock of 10 banks in New York State with combined total assets exceeding $1.6 billion, is offering holders of its common stock of record Jan. 5, 1955, rights to purchase an aggregate of 403,082 shares of the corporation's 4% cumulative prefered stock, $50 par value. The new stock may be subscribed for at $50 per share at the rate of one share for each 18 shares of common stock held. The subscription offer expires at 3:30 p.m. (EST), on Jan. 24, 1955.

An underwriting group headed jointly by The First Boston Corp.; Union Securities Corp.; Schoellkopf, Hutton & Pomeroy, Inc. and Granbery, Marache & Co. has agreed to purchase from the corporation the unsubscribed stock at the offering price plus accrued dividends from Jan. 24.

The 4% preferred stock is convertible into common stock at any time up to and including Jan. 15, 1965, at the rate of 2.75 shares of common for each share of preferred. A purchase fund starts at the end of 10 years. The preferred is redeemable at prices ranging from $52.50 per share if called on or prior to Jan. 15, 1957 and thereafter at prices scaling down to $50 per share after Jan. 15, 1965.

Of the proceeds from the financing, it is anticipated that approximately $14 million will be invested in capital stocks of the corporation's constituent banks and an additional $4 million will be used to pay off bank loans incurred recently in connection with the purchase of The First Bank & Trust Co. of Utica, N. Y. The balance will be available for further investment in constituent banks and for other corporate purposes.

The two largest banks in the group are The Marine Trust Co. of Western New York and The Marine Midland Trust Co. of New York.

Total deposits of the member banks rose from $965,931,000 on Dec. 31, 1944 to $1,533,529,000 on Sept. 30, 1954. Capital and surplus on the same dates increased from $64,123,000 to $107,853,000.

Capitalization of the corporation, giving effect to the present financing, consists of the 403,082 shares of new 4% cumulative preferred stock and 7,255,479 shares of common stock.

Southern Pacific Co. Equipments Offered

A group headed by Salomon Bros. & Hutzler is offering $8,910,000 Southern Pacific Co. series PP 2¾% equipment trust certificates, maturing annually Dec. 1, 1955 to 1969, inclusive.

The certificates are priced to yield from 1.50% to 2.90%, according to maturity. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission.

The issue is to be secured by new standard-gauge railroad equipment estimated to cost not less than $11,880,000.

Other members of the offering group are: Drexel & Co.; Union Securities Corp., and Stroud & Co. Inc.

R. James Foster to Be Rand Co. Partner

Rand & Co., 1 Wall Street, New York City, dealers in corporate and municipal securities, announce that R. James Foster will be admitted to general partnership in the firm effective Jan. 1, 1955. Mr. Foster has been with the firm for a number of years.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Jan. 9	§80.5	*77.6	82.1	75.4
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 9	§1,943,000	*1,850,000	1,958,000	1,798,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 24	6,400,950	6,375,300	6,270,100	6,233,700
Crude runs to stills—daily average (bbls.)	Dec. 24	¶7,288,000	7,226,000	6,974,000	7,011,000
Gasoline output (bbls.)	Dec. 24	24,767,000	24,478,000	24,130,000	24,663,000
Kerosene output (bbls.)	Dec. 24	2,782,000	2,500,000	2,513,000	2,3[illegible]8,000
Distillate fuel oil output (bbls.)	Dec. 24	12,179,000	11,587,000	10,888,000	9,[illegible],000
Residual fuel oil output (bbls.)	Dec. 24	8,042,000	7,818,000	7,661,000	8,702,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 24	154,922,000	151,778,000	149,191,000	153,953,000
Kerosene (bbls.) at	Dec. 24	30,521,000	31,[illegible]36,000	36,244,000	29,865,000
Distillate fuel oil (bbls.) at	Dec. 24	113,317,000	118,082,000	134,916,000	117,028,000
Residual fuel oil (bbls.) at	Dec. 24	51,072,000	52,265,000	55,513,000	4[illegible],810,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 25	561,079	641,871	583,515	480,978
Revenue freight received from connections (no. of cars)	Dec. 25	570,565	612,748	583,048	518,935
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 30	$346,147,000	$324,479,000	$302,762,000	$153,197,000
Private construction	Dec. 30	198,439,000	194,561,000	196,088,000	52,193,000
Public construction	Dec. 30	147,708,000	129,918,000	106,674,000	101,004,000
State and municipal	Dec. 30	128,118,000	98,596,000	84,517,000	8[illegible],087,000
Federal	Dec. 30	19,590,0000	31,322,000	22,157,000	11,917,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 25	7,310,000	*8,820,000	7,350,000	6,673,000
Pennsylvania anthracite (tons)	Dec. 25	605,000	688,000	500,000	514,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 25	189	240	133	163
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 1	‡9,425,000	*9,431,000	9,612,000	8,198,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 30	152	213	221	150
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 28	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Dec. 28	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Dec. 28	$32.83	$32.83	$32.33	$30.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 29	29.700c	29.700c	29.700c	29.675c
Export refinery at	Dec. 29	31.050c	31.750c	31.075c	29.050c
Straits tin (New York) at	Dec. 29	87.500c	86.500c	90.625c	84.500c
Lead (New York) at	Dec. 29	15.000c	15.000c	15.000c	13.500c
Lead (St. Louis) at	Dec. 29	14.800c	14.800c	14.800c	13.300c
Zinc (East St. Louis) at	Dec. 29	11.500c	11.500c	11.500c	10.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 4	98.47	98.83	99.18	96.73
Average corporate	Jan. 4	110.52	110.52	110.70	106.21
Aaa	Jan. 4	114.85	114.66	115.24	111.07
Aa	Jan. 4	112.19	112.37	112.56	108.16
A	Jan. 4	110.52	110.34	110.70	105.04
Baa	Jan. 4	105.00	105.00	105.00	100.16
Railroad Group	Jan. 4	108.70	108.70	109.06	104.14
Public Utilities Group	Jan. 4	111.25	111.07	111.25	106.74
Industrials Group	Jan. 4	111.81	111.81	112.00	107.98
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 4	2.61	2.53	2.56	2.73
Average corporate	Jan. 4	3.14	3.14	3.13	3.38
Aaa	Jan. 4	2.91	2.92	2.89	3.11
Aa	Jan. 4	3.05	3.04	3.03	3.27
A	Jan. 4	3.14	3.15	3.13	3.39
Baa	Jan. 4	3.45	3.45	3.45	3.74
Railroad Group	Jan. 4	3.24	3.24	3.22	3.50
Public Utilities Group	Jan. 4	3.10	3.11	3.10	3.35
Industrials Group	Jan. 4	3.07	3.07	3.06	3.28
MOODY'S COMMODITY INDEX	Jan. 4	416.2	413.4	407.3	410.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 25	182,895	208,891	199,444	145,118
Production (tons)	Dec. 25	239,060	252,701	244,798	200,597
Percentage of activity	Dec. 25	90	92	88	77
Unfilled orders (tons) at end of period	Dec. 25	292,891	349,727	343,160	313,963
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Dec. 31	106.78	106.78	106.56	107.38
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Dec. 18	1,173,065	1,412,931	1,370,675	750,883
Dollar value	Dec. 18	$58,180,965	$67,972,730	$65,204,683	$31,713,691
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Dec. 18	1,283,826	1,492,485	1,536,591	846,235
Customers' short sales	Dec. 18	8,040	10,131	10,684	4,915
Customers' other sales	Dec. 18	1,275,786	1,482,354	1,525,907	841,320
Dollar value	Dec. 18	$58,223,698	$65,742,603	$69,204,683	$30,885,47[illegible]
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 18	448,729	468,123	526,220	304,640
Short sales	Dec. 18	------	------	------	------
Other sales	Dec. 18	448,729	468,123	526,220	304,640
Round-lot purchases by dealers—					
Number of shares	Dec. 18	346,039	387,730	361,320	216,600
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Dec. 11	796,230	666,980	749,060	263,540
Other sales	Dec. 11	18,464,010	16,828,770	15,992,880	7,05[illegible],490
Total sales	Dec. 11	19,260,240	17,495,750	16,741,940	7,321,730
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 11	2,216,840	2,076,330	1,892,160	750,450
Short sales	Dec. 11	397,520	376,020	438,110	11[illegible],230
Other sales	Dec. 11	1,807,250	1,708,920	1,490,980	573,370
Total sales	Dec. 11	2,204,770	2,084,940	1,929,090	692,600
Other transactions initiated on the floor—					
Total purchases	Dec. 11	620,540	611,650	585,120	199,250
Short sales	Dec. 11	40,600	26,100	37,500	6,700
Other sales	Dec. 11	568,760	593,950	4[illegible]2,310	157,590
Total sales	Dec. 11	609,360	620,050	529,810	164,2[illegible]0
Other transactions initiated off the floor—					
Total purchases	Dec. 11	743,238	656,625	680,649	300,960
Short sales	Dec. 11	146,000	80,910	98,170	56,050
Other sales	Dec. 11	755,057	725,762	578,581	211,510
Total sales	Dec. 11	901,057	806,672	676,751	267,560
Total round-lot transactions for account of members—					
Total purchases	Dec. 11	3,580,618	3,344,605	3,157,929	1,250,670
Short sales	Dec. 11	584,120	483,030	573,780	181,[illegible]80
Other sales	Dec. 11	3,131,067	3,028,632	2,561,871	942,470
Total sales	Dec. 11	3,715,187	3,511,662	3,135,651	1,124,450
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 28	109.6	109.4	109.5	110.4
Farm products	Dec. 28	91.7	*90.7	91.8	96.2
Processed foods	Dec. 28	103.3	103.0	103.5	105.8
Meats	Dec. 28	84.3	83.8	85.0	91.4
All commodities other than farm and foods	Dec. 28	114.8	114.7	114.5	114.5

*Revised figure. ¶Includes 618,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against the Jan. 1, 1954 basis of 124,[illegible]0,410 tons. ‡Preliminary figure.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK — As of November 30:			
Imports	$247,615,000	$207,236,000	$245,812,000
Exports	164,294,000	148,286,000	139,188,000
Domestic shipments	12,056,000	11,575,000	11,912,000
Domestic warehouse credits	235,361,000	192,959,000	47,417,000
Dollar exchange	42,197,000	71,829,000	49,032,000
Based on goods stored and shipped between foreign countries	66,281,000	55,317,000	40,739,000
Total	$767,804,000	$687,252,000	$534,100,000
BUSINESS INCORPORATION (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of November	9,735	9,852	7,269
CONSUMER PRICE INDEX — 1947-49 = 100—			
Month of October:			
All items	114.5	114.7	115.4
Food	111.8	112.4	113.6
Food at home	110.9	111.6	113.3
Cereals and bakery products	122.7	122.6	120.4
Meats, poultry and fish	103.9	106.7	111.1
Dairy products	106.7	105.8	110.1
Fruits and vegetables	111.1	110.5	107.7
Other foods at home	115.7	116.0	117.4
Housing	119.5	119.5	118.7
Rent	129.0	128.8	126.8
Gas and electricity	108.5	107.9	107.0
Solid fuels and fuel oil	123.8	122.4	125.7
Housefurnishings	105.6	106.0	108.1
Household operation	117.6	117.1	116.6
Apparel	104.6	104.3	105.5
Men's and boys'	106.4	106.4	107.6
Women's and girls'	99.6	99.0	100.8
Footwear	116.7	116.5	115.8
Other apparel	91.1	90.9	92.3
Transportation	125.0	126.4	130.7
Medical care	125.9	125.7	122.8
Personal care	113.4	113.5	113.2
Reading and recreation	106.9	106.5	108.6
Other goods and services	120.1	120.1	119.7
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of November	703,697	706,603	684,976
In consuming establishments as of Nov. 27	1,557,036	1,338,270	1,586,938
In public storage as of Oct. 30	13,822,218	12,756,658	11,225,654
Linters—Consumed month of October	117,379	116,517	110,217
Stocks Oct. 30	1,464,489	2,025,145	1,291,656
Cotton spindles active as of Oct. 30	19,348,000	19,295,000	19,980,000
COTTON GINNING (DEPT. OF COMMERCE)—			
To Dec. 13 (running bales)	13,038,895	------	15,164,851
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Nov. 27	22,535,000	22,601,000	22,930,000
Spinning spindles active on Nov. 27	19,348,000	19,295,000	19,990,000
Active spindle hours (000's omitted) Nov. 27	8,768,000	9,042,000	8,719,000
Active spindle hours per spindle in place November	449.6	457.8	447.1
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Final report (in thousands):			
Corn, all (bushels)	2,964,639	2,938,713	3,192,491
Wheat, all (bushels)	969,781	959,258	1,169,484
Winter (bushels)	790,737	775,900	881,608
All spring (bushels)	179,044	183,358	287,876
Durum (bushels)	5,557	7,963	12,967
Other spring (bushels)	173,487	175,395	274,909
Oats (bushels)	1,499,579	1,506,213	1,209,458
Soybeans for beans (bushels)	342,795	------	268,528
Barley (bushels)	370,126	367,092	242,544
Rye (bushels)	23,688	23,290	18,163
Buckwheat (bushels)	2,719	------	3,193
Flaxseed (bushels)	41,534	39,989	36,668
Rice (bags)	58,853	53,534	52,607
Popcorn (pounds)	221,945	------	322,128
Sorghum grain (bushels)	204,087	163,354	109,353
Sorghum forage (tons)	6,431	------	6,191
Sorghum silage (tons)	6,890	------	5,912
Cotton, lint (bales)	13,569	13,206	16,465
Cottonseed (tons)	5,568	------	6,748
Hay, all (tons)	104,380	105,787	105,530
Hay, wild (tons)	10,184	10,874	11,943
Alfalfa seed (pounds)	156,738	------	135,570
Red clover seed (pounds)	55,724	------	85,455
Alsike clover seed (pounds)	8,101	------	12,057
Sweetclover seed (pounds)	37,810	------	34,341
Lespedeza seed (pounds)	81,265	------	70,517
Timothy seed (pounds)	31,465	------	28,150
Beans, dry (bags)	18,899	18,375	18,171
Peas, dry (bags)	3,484	3,868	3,350
Cowpeas for peas (bushels)	1,359	------	1,785
Peanuts picked and threshed (pounds)	1,043,560	1,071,415	1,588,415
Velvetbeans (tons)	68	------	130
Potatoes (bushels)	355,039	346,943	380,075
Sweetpotatoes (bushels)	29,880	29,285	34,276
Tobacco (pounds)	2,200,134	2,156,034	2,055,370
Sorgo sirup (gallons)	2,699	------	2,739
Sugarcane for sugar & seed (tons)	6,940	6,883	7,619
Sugarcane sirup (gallons)	4,795	------	5,575
Sugar beets (tons)	14,027	13,782	12,084
Maple sugar (pounds)	168	------	126
Maple sirup (gallons)	1,730	------	1,254
Broom corn (tons)	27	------	31
Hops (pounds)	43,491	43,488	41,803
Apples, commercial crop (bushels)	103,773	103,716	93,307
Peaches (bushels)	60,794	61,252	64,473
Pears (bushels)	30,077	30,327	29,081
Grapes (tons)	2,607	2,705	2,700
Cherries (tons)	197	192	224
Apricots (tons)	145	160	243
Plums (tons)	78	------	92
Prunes, dried (tons)	187	------	149
Prunes, other than dried (tons)	58	------	81
Avocados (tons)	45	------	33
Olives, Calif. (tons)	52	------	28
Oranges (boxes)	141,475	------	130,930
Grapefruit (boxes)	46,120	------	48,370
Lemons, Calif. (boxes)	14,600	------	16,130
Cranberries (barrels)	1,012	974	1,203
Pecans (pounds)	92,502	96,600	211,660
Almonds, Calif. (tons)	44	------	39
Walnuts (tons)	74	------	59
Tung nuts (tons)	40	------	120
Commer. vegetables for fresh markets (tons)	10,175	------	10,256
For processing (tons)	5,953	------	6,581
WINTER RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of Dec. 1	679,137,000	------	790,737,000
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of Dec. 1 (bushels)	85	------	78

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The State of Trade and Industry

85% of rated capacity and the average rate for the quarter is expected to be near that figure.

First quarter capacity on flat-rolled products such as hot and cold-rolled sheets and galvanized sheets is already virtually sold out and a spurt in tinplate business is also expected soon.

Tightening of the market for flat-rolled steel of course reflects high production schedules of auto producers. They are expected to exert even greater pressure right up to the end of May when present wage contracts of General Motors and Ford expire. There is no doubt that those responsible for setting production schedules will be mindful of the labor situation, states this trade journal.

The hot market for flat-rolled products isn't due entirely to demand from the auto companies. Appliance makers have recently raised their sights as 1955 promises to be a better year for them. Many manufacturers of miscellaneous consumer goods are also shopping around looking for opportunities to squeeze in spot orders for reasonably quick delivery, this trade authority asserts.

One of the most convincing signs of solid recovery in the steel market is the turnabout in hot-rolled carbon bars. The bar market was slower to improve than the flat-rolled market, but it is coming along strongly now. This is important because bars are used in a great many diversified manufactured articles and firm improvement in bars reflects a brighter outlook for manufacturing generally.

Cold finished bars and alloy bars are also making a solid comeback. Structural steel is seasonally weaker and oil country goods is still undergoing a belated inventory correction. But these items are headed for another outstanding year because construction and oil industries are pointed toward new records.

The steel scrap market is stronger this week. "The Iron Age" steel scrap composite price rose $1.34 a ton to $34.17 per gross ton.

Domestic passenger car producers ended 1954 with assembly of their 5,500,000th unit of the year, according to "Ward's Automotive Reports."

"Ward's," in a year-end recap, estimated 1954 output at 5,509,200 cars and 1,024,700 trucks, with the combined total of 6,533,900 vehicles the fourth highest volume in history.

It added, however, that the 5,800,000 cars and 1,055,000 trucks projected for 1955 gives a combined 6,855,000 total that is third highest, topped only by 1950 and 1953.

The statistical agency said that 1,312,102 or 23.8%, of the cars produced in 1954 were 1955 models, a record for new model output before Dec. 31. Of the total, General Motors Corp. contributed 52.1%, Ford Motor Co. 23.8%, Chrysler Corp. 20.2% and the Independents 3.9%.

"Ward's" stated that automobile plants again scheduled half-day Friday operations the past week, holding United States output to 142,556 cars and trucks against 143,537 in the prior week. A year ago netted 86,431 units.

Working only four days on final assembly last week were Dodge and Chrysler, with the latter division said to be holding its schedules for January to a five-day level.

Despite two fewer working days, January is programmed for 742,500 car and truck completions against 735,200 built in December.

"Ward's" estimated December new car sales at approximately 550,000 units, which is 35% over November and second in 1954 only to the 560,000 sold during June.

General Motors Corp. pushed its share of United States car output in 1954 up to 52.1% from 45.6% in 1953, with Ford rising to 30.6% from 25.2%. Chrysler Corp. dipped to 13.2% in 1954 from 20.3% in 1953, but its fourth-quarter 1954 share was up to 19.1%, with December alone showing 21.4% because of booming demand for its new 1955 models.

Steel Output Schedule to Advance to 80.5% This Week

Third largest steel production year in history. That's pretty sure to be 1955's destiny says "Steel," the weekly magazine of metalworking, the current week. Plan with that in mind.

Output of steel for ingots and castings should be around 100,000,000 net tons. It may vary 5,000,000 tons above or below that figure, depending upon an automotive strike, a threat of war or a widespread decision to rebuild inventories.

If steel consumption continues at the 1954 pace, we'll need an ingot output of around 100,000,000 tons. United States did not turn out that amount in 1954, but on the basis of what it did produce and the amount of finished steel used out of inventory, the total requirement of ingots was about 100,000,000 tons. Of that amount, 88,000,000 were made in 1954 and 12,000,000 in 1953. The steel industry made 111,600,000 tons of ingots in 1953, but not all of the finished steel derived from them was used that year. Some went into storage. That provided part of the supply for 1954 consumption.

A 100,000,000 ingot ton output in 1955 would about equal the average of the last two years or the last four years. Production in 1953 and 1954 totaled 199,600,000 tons, or an average of about 100,000,000 tons a year. Add the output of 1951 and 1952 to that of 1953 and 1954, and the total is 398,000,000 tons or an average of 99,500,000 tons.

So, our average need is 100,000,000 tons of ingots. There are no excess inventories. We'll have to produce at least as much as we consume—and that's around 100,000,000 tons of ingots. If the auto industry is plagued by strikes, the need may be for a little less than 100,000,000. If strikes don't occur, we may need a little more than that. Business analysts think 1955 may be 5% better than 1954. If they're right, we'll need 105 million tons of ingots. Only two years have been better: 1951 with 105,200,000 tons and 1953 with 111,600,000 tons. Most that can be said now for 1954 is that it was one of the best eight years for ingot production.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 80.5% of capacity for the week beginning Jan. 3, 1955, equivalent to 1,943,000 tons of ingots and steel for castings as compared with 77.6% (revised) and 1,850,000 tons a week ago.

The industry's ingot production rate for the weeks in 1954 was based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

For the like week a month ago the rate was 82.1% and production 1,958,000 tons. A year ago the actual weekly production was placed at 1,798,000 tons or 75.4%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for 1953 are based on annual capacity of 117,547,473 tons as of Jan. 1, 1953.

Electric Output Declines Further In Holiday Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 1, 1955, was estimated at 9,425,000,000 kwh. (preliminary figure), according to the Edison Electric Institute.

This week's output constituted a decrease of 6,000,000 kwh. below that of the previous week, when the actual output stood at 9,431,000,000 kwh., but an increase of 1,227,000,000 kwh., or 15.0% over the comparable 1953 week and 1,712,000,000 kwh. over the like week in 1952.

Car Holdings Decline 12.6% Below Preceding Week

Loadings of revenue freight for the week ended Dec. 25, 1954, which included Christmas, decreased 80,792 cars or 12.6% below the preceding week, according to the Association of American Railroads.

Loadings totaled 561,079 cars, an increase of 80,101 cars or 16.7% above the corresponding 1953 week, and an increase of 40,379 cars or 7.8% above the corresponding week in 1952.

U. S. Auto Output Registers Further Declines in Curtailed Work Week

The automotive industry for the latest week, ended Dec. 31, 1954, according to "Ward's Automotive Reports," assembled an estimated 124,570 cars, compared with 124,854 (revised) in the previous week. The past week's production total of cars and trucks amounted to 142,556 units, a decrease below the preceding week's output of 981 units, states "Ward's." In the like week of 1953 86,431 units were turned out.

Last week, the agency reported there were 17,986 trucks made in this country, as against 18,683 (revised) in the previous week and 19,300 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 4,910 cars and 924 trucks last week, against 4,902 cars and 979 trucks in the preceding week and 5,772 cars and 1,090 trucks in the comparable 1953 week.

Business Failures Fall In Holiday Week But Are Slightly Above Year Ago

Commercial and industrial failures declined to 152 in the holiday week ended Dec. 30 from 213 in the preceding week, Dun & Bradstreet, Inc., reports. At the lowest level in 11 weeks, casualties nevertheless were slightly above the toll of 150 in the similar week of 1953 and exceeded the 126 which occurred in 1952. However, mortality continued 20% below the pre-war level of 190 in 1939.

Failures involving liabilities of $5,000 or more fell to 127 from 172 in the previous week and were less numerous than a year ago when 130 of this size were recorded. A decline also took place among small casualties, those with liabilities under $5,000, bringing their toll down to 25 from 41, but they exceeded their 1953 level of 20. Eleven of the failing concerns had liabilities of $100,000 or more, unchanged from last week.

Wholesale Food Price Index Rises Moderately In Final 1954 Week

The Dun & Bradstreet wholesale food price index rose moderately in the final week of the year to stand at $6.78 on Dec. 28, up 3 cents over the previous week at $6.75. However, it fell below the year-ago level for the first time since mid-September, comparing with $6.81 last year, for a drop of 0.4%. The 1954 high was $7.46 on May 25, and the low point of $6.59 was reached on Oct. 19.

Commodities quoted higher last week included flour, wheat, corn, rye, oats, bellies, butter, cottonseed oil, cocoa, eggs, steers and lambs. On the down side were barley, lard, sugar and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Establishes New High for Year In Latest Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued its upward trend the past week to stand at 279.82 on Dec. 28.

This marked a new high for the year, and compared with 277.21 a week earlier, and with 273.55 on the like date a year ago.

The 1954 low was 270.72 recorded on June 30.

Grain price movements were irregular last week. New-crop wheat deliveries rose to new seasonal highs during the week on buying influenced by fears of possible damage to the Winter wheat crop due to prolonged dry weather. Over the week-end, however, the drought appeared to be broken as the result of the unexpected moisture in the form of rain and snow over wide areas of the Winter wheat belt, causing a sharp reaction in futures prices at the close.

The moisture had a beneficial effect on prices for corn and soybeans due to the belief that inclement weather would hinder the movement of these grains off the farms.

Oats were easier but recovered toward the finish in sympathy with corn. Trading in grain and soybean futures on the Chicago Board of Trade declined two weeks ago to a daily average of 42,200,000 bushels, from 52,500,000 the week previous.

Cotton prices were generally firmer two weeks ago, aided by moderate trade price-fixing for domestic and foreign account and short covering which encountered light offerings.

Other constructive influences included the improvement in domestic textile sales recently, the continued favorable export outlook, and the prospect for reduced acreage allotments for 1955.

Entries of cotton into the Government loan have fallen off with the advance in open market prices. The total for the week ended Dec. 17, as reported by the CCC, fell to 128,520 bales, compared with 159,136 bales in the preceding week and a high so far this season of about 204,000 bales during the week ended Dec. 3. Withdrawals of 1954-crop cotton in the latest week totalled 16,983 bales, leaving a net stock in the CCC loan of 1,543,006 bales.

Trade Volume Declines Sharply from Level of Previous Week

Last-minute gift buying and after-Christmas purchases of reduced merchandise were at a higher level in the period ended on Wednesday of last week than in the corresponding week of 1953. Total retail sales declined greatly, however, from the peak of the prior week.

Recently improved business encouraged some retailers to expect a higher volume of sales in the first half of the coming year than in the same period of 1954.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be unchanged to 4% above the level of a year ago. Regional estimates varied from the corresponding 1953 levels by the following percentages: Midwest —3 to +1; Northwest —2 to +2; New England —1 to +3; South and Pacific Cost 0 to +4; East and Southwest +1 to +5.

Shoppers were attracted to many stores by promotions of sheets and other household linens traditionally featured at this time of year.

Purchases were moderately higher than in the comparable week in 1953.

There was heavy buying of women's reduced coats and suits. The seasonal demand for men's formal clothes was heavier than usual this year.

Wholesale activity in the period ended on Wednesday of the past week decreased seasonally. Buying in most lines was significantly lower than in previous week but somewhat above a year ago; orders for furniture and appliances were relatively greater than those for textiles, apparel and food.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Dec. 25,* 1954 advanced 16% from the like period last year. In the preceding week, Dec. 18, 1954, an increase of 3% was registered from that of the similar period in 1953; and for the four weeks ended Dec. 25, 1954, an increase of 5% was recorded. For the period Jan. 1 to Dec. 25, 1954, a loss of 1% was registered from that of the 1953 period.

Retail trade volume in New York City last week was comparable to that of the like period a year ago, according to merchants' estimates.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Dec. 25,* 1954, registered an increase of 17% above the like period of last year. In the preceding week, Dec. 18, 1954, a decrease of 1% was reported from that of the similar week in 1953, while for the four weeks ended Dec. 25, 1954 an increase of 4% was reported. For the period ended Jan. 1 to Dec. 25, 1954, the index advanced 1% from that of the 1953 period.

***The large increases shown for this week reflect in part the fact that this year Christmas fell on Saturday and the week therefore included five days of heavy pre-Christmas shopping as compared with four days last year when Christmas fell on Friday.**

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Affiliated Fund, Inc., New York
Dec. 28 filed (by amendment) 3,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Albuiah Mining Corp., Albuquerque, N. Mex.
Dec. 27 (letter of notification) 20,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For mining expenses, etc. **Office**—515 First National Bank Bldg., Albuquerque, N. Mex. **Underwriter**—None.

• Aluminium Ltd. (1/10)
Dec. 16 filed a maximum of 921,923 shares of capital stock (no par) to be offered for subscription by stockholders of record Jan. 7, 1955 at rate of one new share for each 10 shares held; rights to expire on Jan. 31. **Price**—$47.60 per share (United States funds). **Proceeds**—For expansion program. **Dealer-Managers** — The First Boston Corp.; A. E. Ames & Co., Ltd.; Morgan Stanley & Co.; and White, Weld & Co.

Amalgamated Uranium Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—218 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., the same city.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

American Duchess Uranium & Oil Co.
Dec. 9 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For uranium and oil activities. **Office**—Judge Bldg., Salt Lake City, Utah. **Underwriter**—Northern Securities, Inc., Seattle, Wash.

American-Israel Paul Ehrlich Medical Institute, Inc., New York
Dec. 9 filed 195,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds** — For construction and equipment of hospital and medical center at Ramat Gan, Israel. **Underwriter**—None. Haim Margalith, of New York City, is President. Statement effective Dec. 28.

American Steel & Pump Corp., N. Y. (1/13-14)
Nov. 24 filed $3,000,000 of 4% income bonds, series A, due Dec. 1, 1994. **Price**—$618.75 per $1,000 bond. **Proceeds** — To pay $55,000 of 6% collateral income notes and $100,000 demand notes; to pay Federal income tax liabilities and for working capital, etc. **Underwriter**—A. K. Benkert & Co., Inc., New York.

★ Ampex Corp., Redwood City, Calif.
Dec. 29 filed 99,800 shares of common stock (par 50 cents), issuable upon exercise of warrants which will expire upon redemption of $635,000 10-year 6% debentures at par. **Price**—$1.50 per share. **Proceeds**—Together with other funds, to redeem 6% debentures and for working capital. **Underwriter**—None.

★ Anchorage Gas & Oil Development, Inc.
Dec. 27 (letter of notification) 133,333 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For oil and gas activities. **Office**—505 Barrow St., Anchorage, Alaska. **Underwriter**—Grace C. Tucker, 2711 Mayfair St., Seattle, Wash.

Anticline Uranium, Inc., San Francisco, Calif.
Oct. 28 (letter of notification) 2,970,000 shares of class A capital stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—995 Market St., San Francisco, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., Los Angeles, Calif.

Appell Oil & Gas Corp., Alice, Texas
Dec. 1 (letter of notification) 8,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To selling stockholder. **Office**—Appell Bldg., Alice, Tex. **Underwriter**—R. V. Klein & Co., New York.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Gaetano Securities Corp., New York.

Arizona Development Co., Phoenix, Ariz.
Dec. (letter of notification) 300,000 shares of common stock, series A, to be offered for subscription by holders of life insurance policies of Arizona Life Insurance Co. **Price**—At par ($1 per share). **Proceeds**—For working capital, etc. **Office** — 427 Security Bldg., Phoenix, Ariz. **Underwriter**—Arizona Life Insurance Co.

• Arizona Golconda Metals, Inc. (1/17-18)
Dec. 7 (letter of notification) 292,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — Kingman, Ariz. **Underwriter**—Baruch Brothers & Co., Inc., New York.

Automatic Canteen Co. of America (1/27)
Dec. 28 filed 97,481 shares of common stock (par $5) to be offered for subscription by stockholders of record on or about Jan. 27, 1955 on the basis of one new share for each six shares held; rights to subscribe on or about Feb. 14. **Price**—To be determined shortly before the making of the offer. **Proceeds**—Together with other funds, to purchase 262,500 shares of common stock of The Rowe Corp. **Underwriter** — Glore, Forgan & Co., New York.

Automatic Remote Systems, Inc., Baltimore
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter. **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Beacon Associates, Inc., Providence, R. I. (1/13)
Dec. 23 filed $600,000 5¾% 15-year sinking fund subordinated debentures due Jan. 1, 1970. **Price** — 100% and accrued interest. **Proceeds**—To redeem 6% convertible subordinated debentures due Sept. 1, 1967 presently outstanding and for expansion program. **Underwriter**—G. H. Walker & Co., Providence, R. I.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

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NEW ISSUE CALENDAR

January 6 (Thursday)
Pennsylvania RR.............Equip. Trust Ctfs.
(Bids noon EST) $6,810,000

January 7 (Friday)
Union Trust Co. of Maryland.............Common
(Alex. Brown & Sons) 100,000 shares

January 10 (Monday)
Aluminium, Ltd. ....Common
(Offering to stockholders—underwritten by The First Boston Corp.; A. E. Ames & Co., Ltd.; Morgan Stanley & Co.; and White, Weld & Co.) 921,923 shares
Consolidated Diesel Electric Corp.............Common
(Van Alstyne, Noel & Co.) $1,400,000
Duke Power Co.............Bonds
(Bids noon EST) $40,000,000
Seven-Up Bottling Co. of Los Angeles.............Common
(Quincy Cass Associates) $642,428
Stylon Corp. ....Common
(Gearhart & Otis, Inc.; White & Co.; and McCoy & Willard) 250,000 shares

January 11 (Tuesday)
Commonwealth Edison Co.............Bonds
(Bids 10:30 a.m. CST) $50,000,000
National Can Co.............Debentures
(Offering to common stockholders—underwritten by Bear, Stearns & Co. and A. C. Allyn & Co. Inc.) $4,500,000
New York, Chicago & St. Louis RR.............Debentures
(Bids noon EST) $36,000,000
United Gas Corp.............Common
(Bids 3:45 p.m. EST) 170,000 shares

January 12 (Wednesday)
Duke Power Co.............Common
(Offering to stockholders—no underwriting) 218,737 shares
Imperial Minerals, Ltd.............Common
(Milton D. Blauner & Co., Inc.) $298,800
Public Service Electric & Gas Co.............Preferred
(Morgan Stanley & Co.; Drexel & Co.; and Glore Forgan & Co.) $25,000,000
Universal Major Corp.............Common
(Gearhart & Otis, Inc.) $150,000

January 13 (Thursday)
American Steel & Pump Corp.............Bonds
(A. K. Benkert & Co., Inc.) $3,000,000
Beacon Associates, Inc.............Debentures
(G. H. Walker & Co.) $600,000
Missouri Pacific RR.............Equip. Trust Ctfs.
(Bids to be invited) $3,900,000
State Fire & Casualty Co.............Common
(Offering to stockholders—underwritten by A. M. Kidder & Co.) 125,000 shares

January 14 (Friday)
Citizens National Trust & Savings Bank of Los Angeles.............Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $6,600,000
Green Mountain Uranium Corp.............Common
(Tellier & Co.) $300,000

January 17 (Monday)
Arizona Golconda Metals, Inc.............Common
(Baruch Brothers & Co., Inc.) $292,000
Canada General Fund (1954) Ltd.............Common
(Vance, Sanders & Co.) 1,990,000 shares
Colonial Acceptance Corp.............Debentures
(Straus, Blosser & McDowell and Fairman, Harris & Co., Inc.) $2,500,000
Duquesne Light Co.............Common
(Bids noon (EST) 450,000 shares
Hycon Mfg. Co.............Preferred
(Townsend, Graff & Co.) $1,200,000
Mid-Continent Uranium Corp.............Common
(General Investing Corp.) $625,000

January 18 (Tuesday)
New England Power Co.............Bonds
(Bids 11 a.m. EST) $25,000,000

January 19 (Wednesday)
Food Mart, Inc.............Common
(Shearson, Hammill & Co.) 180,000 shares
Reading Co.............Equip. Trust Ctfs.
(Bids noon EST) $1,350,000
Toledo Edison Co.............Preferred
(The First Boston Corp. and Collin, Norton & Co.) $10,000,000
Toledo Edison Co.............Common
(The First Boston Corp. and Collin, Norton & Co.). 400,000 shares

January 20 (Thursday)
Duquesne Light Co.............Preferred
(Bids 11 a.m. EST) $8,000,000

January 24 (Monday)
British Western America Corp.............Common
(S. D. Fuller & Co.) $298,400
Income Fund of Boston, Inc.............Common
(Hayden, Stone & Co.) $8,000,000
Nipissing Mines Co., Ltd.............Common
(Offering to stockholders—underwritten by Allan H. Investments, Ltd.; Alator Corp., Ltd.; Louis A. Chesler; and Bradley Streit) $2,472,000
United Artists Theatre Circuit, Inc.............Common
(Allen & Co.) 400,121 shares

January 25 (Tuesday)
Bowl-Mor Co., Inc.............Preferred & Common
(Aetna Securities Corp.) $1,100,000
Consumers Power Co.............Bonds
(Bids 11 a.m. EST) $30,000,000
General Homes, Inc.............Common
(S. D. Fuller & Co.) $1,500,000
Rockland-Atlas National Bank.............Common
(Offering to stockholders—underwritten by The First Boston Corp.) 37,500 shares
United States Plywood Corp.............Debentures
(Eastman, Dillon & Co.) $25,000,000

January 26 (Wednesday)
Montreal (City of).............Debentures
(Bids to be invited) $35,000,000
Northeastern Steel Corp.............Stock
(Estabrook & Co.) $9,200,000

January 27 (Thursday)
Automatic Canteen Co. of America.............Common
(Offering to stockholders—underwritten by Glore Forgan & Co.) 97,481 shares

February 1 (Tuesday)
Burroughs (J. P.) & Son, Inc.............Debens. & Common
(Eisele & King, Libaire, Stout & Co.) $830,000
Chesapeake & Potomac Telephone Co. of Baltimore City.............Debentures
(Bids to be invited) $25,000,000

February 8 (Tuesday)
General Motors Corp.............Common
(Offering to stockholders—underwritten by Morgan Stanley & Co.) approx. $325,000,000

February 14 (Monday)
Dallas Power & Light Co.............Debentures
(Bids 11 a.m. EST) $7,000,000
Sheraton Corp. of America.............Debentures
(Paine, Webber, Jackson & Curtis) $5,000,000

February 15 (Tuesday)
Chesapeake & Colorado Uranium Corp.............Common
(Peter Morgan & Co.) $750,000
Kansas City Power & Light Co.............Bonds
(Bids to be invited) $16,000,000

February 23 (Wednesday)
Texas Electric Service Co.............Bonds
(Bids 11:30 a.m. EST) $17,000,000

March 15 (Tuesday)
Kansas Gas & Electric Co.............Bonds
(Bids to be invited) $10,000,000
Kansas Gas & Electric Co.............Preferred
(Bids to be invited) $6,000,000

April 15 (Friday)
Westpan Hydrocarbon Co.............Common
(May be Union Securities Corp.) 384,861 shares

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Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price—**25 cents per share. **Proceeds—**For mining operations. **Address—**Box 77, Provo, Utah. **Underwriter—**Weber Investment Co., 242 N. University Ave., Provo, Utah.

Big Red Uranium Co., Oklahoma City, Okla.
Deb. 6 (letter of notification) 2,940,000 shares of common stock (par one cent). **Price—**10 cents per share. **Proceeds—**For mining expenses. **Office—**917 First National Bank Bldg., Oklahoma City, Okla. **Underwriter—**Honnold & Co., Inc., same city.

Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price—**10 cents per share **Proceeds—**For exploration and development costs. **Office —** 705 First National Bank Bldg., Denver, Colo **Underwriter—**I. J. Schenin Co., New York.

Blue Canyon Uranium, Inc.
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price—**Five cents per share. **Proceeds—**For mining activities. **Offices —** 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter —** James E. Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price—**25 cents per share. **Proceeds—**For exploration and development costs. **Office—**402 Henderson Bank Bldg., Elko, Nev. **Underwriter—**Security Uranium Service, Inc., Moab and Provo, Utah.

• Bowl-Mor Co., Inc., Everett, Mass. (1/25)
Nov. 26 filed 200,000 shares of preferred stock (par $1) and 200,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price—**$5.50 per unit. **Proceeds—**To carry machine leases and finance manufacturing operations. **Business—**Manufactures and distributes by lease and sale, a bowling-pin setting machine. **Underwriter—**Aetna Securities Corp., New York.

★ British Western America Uranium Corp. (1/24)
Jan. 3 (letter of notification) 298,400 shares of common stock (par 25 cents). **Price—**$1 per share. **Proceeds—**For exploration and development expenses. **Underwriter—**S. D. Fuller & Co., New York.

★ Burroughs (J. P.) & Son, Inc. (2/1)
Dec. 30 filed $500,000 of 6% convertible debentures and 80,000 shares of common stock (par $1). **Price—**100% and accrued interest for debentures and $4.12½ per share for stock. **Proceeds—**To repay bank loans and cash advances, for payment of income tax obligations, long-term notes and equipment contracts, to reduce accounts payable, increase inventories, purchase equipment and for construction. **Office —** Flint, Mich. **Underwriter —** Eisele & King, Libaire, Stout & Co., New York.

California Cold Storage & Distributing Co.
Dec. 14 (letter of notification) 1,500 shares of common stock. **Price—**At market (estimated at $25 per share). **Proceeds—**To selling stockholder. **Office—**825 Imperial Ave., San Diego 12, Calif. **Underwriter—**C. L. Wells & Co., Pasadena, Calif.

California Modular Homes, Inc.
Dec. 9 (letter of notification) 196,000 shares of common stock. **Price—**At par ($1 per share). **Proceeds—**For additions to plant and equipment and working capital. **Office —** 3808 22nd St., East Del Paso Heights, Calif. **Underwriter—**United Capital Co., Reno, Nev.

California Tuna Fleet, Inc., San Diego, Calif.
Sept. 29 filed $4,000,000 of 6% sinking fund debentures due 1966 and 160,000 shares of common stock (par five cents) to be offered in units of a $500 debenture and 20 shares of stock. **Price—**To be supplied by amendment. **Proceeds—**For purchase from National Marine Terminal, Inc. of its undivided interest in 17 tuna clippers, subject to certain liabilities; for construction of four tuna clippers; and the balance for working capital and general corporate purposes. **Underwriter —** Barrett Herrick & Co., Inc., New York.

• Canada General Fund (1954) Ltd. Toronto, Canada (1/17)
Dec. 27 filed 1,990,000 shares of common stock. **Price—**At market. **Proceeds—**For investment. **Underwriter—**Vance, Sanders & Co., Boston, Mass. **Investment Adviser—**Boston Management & Research Co., same city.

Canadian Petrofina, Ltd.
Dec. 20 filed 1,751,428 shares of non-cumulative participating preferred stock (par $10—Canadian) to be offered in exchange for shares of capital stock of Calvan Consolidated Oil & Gas Co., Ltd. at the rate of six preferred shares for each 17 Calvan shares. The offer is contingent to acceptance by not less than 51% of the outstanding Calvan stock. **Underwriter—**None.

Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price—**At par (one cent per share). **Proceeds—**For exploration and development expenses. **Office—**317 Main St., Grand Junction, Colo. **Underwriter—**Western Securities Corp., Salt Lake City, Utah.

Century Controls Corp.
Dec. 17 (letter of notification) 100,000 shares of common stock (par $1). **Price—**$1.25 per share. **Proceeds—**For working capital. **Business —** Accessory control systems and components for aircraft interest, etc. **Office—**Allen Boulevard, Farmingdale, L. I., N. Y. **Underwriter—**None.

• Chesapeake & Colorado Uranium Corp. (2/15)
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price—**$1 per share. **Proceeds—**For exploration and development program. **Office —** Washington, D. C. **Underwriter—**Peter Morgan & Co., New York.

Chesapeake Industries, Inc.
Oct. 15 filed 996,304 shares of common stock (par $1) and 33,818 shares of $4 cumulative preferred stock (par $10) being offered in exchange for preferred and common shares of Home & Foreign Securities Corp. and Oils & Industries, Inc., common shares of common stock of Intercontinental Holdings, Ltd. and Intercoast Petroleum Corp. and capital stock of Colonial Trust Co. The offer is subject to deposit of not less than 90% of the stock of Colonial and not less than 80% of the stock of the first three companies mentioned above. The offer will expire on Jan. 27.

Chillicothe Telephone Co.
Dec. 13 (letter of notification) 4,775 shares of common stock (no par) to be offered for subscription by stockholders. **Price—**$50 per share. **Proceeds—**For property additions. **Office—**58 East Maine St., Chillicothe, Ohio. **Underwriter—**None.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price—**$1 per share. **Proceeds —** For machinery and equipment and working capital. **Name Change—**Company was formerly known as Paley Manufacturing Corp. **Office—**244 Herkimer Street, Brooklyn, N. Y. **Underwriter—**Allen E. Beers Co., Philadelphia, Pa.

Colonial Acceptance Corp. (1/17-18)
Dec. 20 filed $2,500,000 of 6% junior subordinated sinking fund debentures, series B, due Dec. 1, 1968, of which $1,529,550 principal amount will be offered in exchange for $1,390,500 of debentures due 1958 on the basis of $550 of new debentures for each $500 of debentures held. **Price—**At par. **Proceeds—**To retire junior subordinated sinking fund debentures which mature Dec. 1, 1958. **Underwriters—**Straus, Blosser & McDowell and Fairman, Harris & Co., Inc., both of Chicago, Ill.

Colorado Plateau Uranium Co.
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price—**15 cents per share. **Proceeds—**For mining activities. **Office —** 824 Equitable Bldg., Denver 2, Colo. **Underwriter—**John L. Donahue, 430 16th St., Denver, Colo.

Commonwealth Edison Co. (1/11)
Dec. 16 filed $50,000,000 of sinking fund debentures due Oct. 1, 2004. **Proceeds—**For construction program. **Underwriter—**To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp. **Bids—**To be received at office of company, 72 West Adams Street, Chicago 90, Ill., on or before 10:30 a.m. (CST) on Jan. 11.

Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price—**$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds —** To repay bank loan. **Office —** 221½ West Trade St., Charlotte, N. C. **Underwriter—**J. C. Wheat & Co., Richmond, Va.

• Consolidated Diesel Electric Corp. (1/10-14)
Dec. 20 filed 350,000 shares of common stock (par 10 cents). **Price—**$4 per share. **Proceeds—**To selling stockholders. **Business—**Designs, engineers and produces specialized lines of aircraft servicing and testing equipment and electrical generating equipment. **Office—**Stamford, Conn. **Underwriter —** Van Alstyne, Noel & Co., New York.

Consol. Edison Co. of New York, Inc.
April 7, 1954, filed $50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds—**To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter—**To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering—**Originally set for May 11, but has been postponed because of market conditions. No new date set.

Constellation Uranium Corp., Denver, Colo.
Oct. 11 (letter of notification) 1,000,000 shares of common stock. **Price—**At par (one cent per share). **Proceeds —** For exploration and development expenses. **Office—**206 Mercantile Bldg., Denver, Colo. **Underwriter—**Petroleum Finance Corp., Oklahoma City, Okla.

Consumers Ice & Supply Co.
Dec. 21 (letter of notification) $300,000 of 6% 12-year registered debentures. **Price—**At par (in denominations of $100, $500 and $1,000). **Proceeds —** For equipment, working capital, etc. **Office —** 9th and Water Sts., Lebanon, Pa. **Underwriter—**None.

Consumers Power Co. (1/25)
Dec. 28 filed $30,000,000 of first mortgage bonds to mature Feb. 1, 1990. **Price—**Expected to be not less favorable to the company than a 3¼% basis. **Proceeds—**For expansion and improvement program. **Underwriter—**To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly). **Bids—**To be opened at 11 a.m. (EST) on Jan. 25 at office of Commonwealth Services Inc., 20 Pine St., New York, N. Y.

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). **Price—**10 cents per share. **Proceeds—**For mining expenses. **Office—**100 West 42nd St., New York. **Underwriter—**Justin Steppler, Inc., New York.

Continental Loan Co., Dallas, Tex.
Dec. 22 (letter of notification) $150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 10 cents) to be offered in units of $1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. **Price—**$1,400 per unit; and $2 per common share. **Proceeds—**To buy common stock of Budget and Mutual and for working capital. **Office—**815 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter—**Securities Management Corp., same address.

Demars Engineering & Manufacturing Corp.
Dec. 9 (letter of notification) 40,000 shares of 6% non-cumulative participating preferred stock (par $1) and 40,000 warrants representing rights to purchase 4,000 additional shares of preferred stock (each warrant allows for the purchase of one-tenth of a preferred share). **Price—**$1 per unit consisting of one preferred share and one warrant. **Proceeds —** For additional machinery and equipment, to pay current liabilities and for working capital. **Office —** 360 Merrimac St., Lawrence, Mass. **Underwriter—**Jackson & Co., Boston, Mass.

Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock **Price—**At par (15 cents per share). **Proceeds—**For exploration and development expenses. **Office—**524 Atlas Bldg., Salt Lake City, Utah. **Underwriter—**Van Blerkom & Co., same city.

Devil Canyon Uranium Corp., Moab, Utah
Nov. 8 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price—**10 cents per share. **Proceeds—**For exploration and development costs. **Office—**21 Main St., Petersen Bldg., Maob, Utah. **Underwriter—**Melvin F. Schroeder, 501 Kittredge Bldg., Denver, Colo.

Duke Power Co. (1/12/55)
Dec. 3 filed 218,737 shares of common stock (no par), to be offered for subscription by common stockholders of record Jan. 12, 1955 on the basis of one new share for each 20 shares held (with an oversubscription privilege); rights to expire Jan. 28. **Price—**$40 per share. **Proceeds—**To repay bank loans and for new construction. **Underwriter—**None.

Duke Power Co. (1/10)
Dec. 3 filed $40,000,000 of first and refunding mortgage bonds due 1975. **Proceeds —** To redeem $35,000,000 of 3¾% bonds and for construction program. **Underwriter—**To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Stone & Webster Securities Corp.; The First Boston Corp. **Bids—**Expected to be received up to noon (EST) on Jan. 10 at 48 Wall St., New York 5, N. Y.

Duquesne Light Co. (1/17)
Dec. 21 filed 450,000 shares of common stock (par $10). **Proceeds—**To repay bank loans and for new construction. **Underwriter —** To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Stone & Webster Securities Corp.; The First Boston Corp. and Lehman Brothers (jointly); Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly). **Bids—**Expected to be received up to noon (EST) on Jan. 17, 1955.

Duquesne Light Co. (1/20)
Dec. 21 filed 160,000 shares of preferred stock (par $50). **Proceeds—**To repay bank loans and for new construction. **Underwriter —** To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Lehman Brothers; Blyth & Co., Inc.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids —** Expected to be received up to 11 a.m. (EST) on Jan. 20, 1955.

East Tennessee Water Corp.
Dec. 20 (letter of notification) $160,000 of first mortgage 6% bonds dated Dec. 1, 1954. **Price —** At par (in denominations of $1,000 each). **Proceeds—**For purchase of real estate, capital improvements and contingencies. **Office—**306 E. Main St., Johnson City, Tenn. **Underwriter—**D. T. McKee Investment Co., Box 904, Bristol, Va.

★ Eastern Stainless Steel Corp., Baltimore, Md.
Dec. 28 (letter of notification) 2,000 shares of common stock (no par). **Price—**At market (estimated at $24.12½ per share). **Proceeds—**To selling stockholder. **Underwriter—**Hornblower & Weeks, Boston, Mass.

★ El Morocco Enterprises, Inc., Las Vegas, Nev.
Dec. 29 filed $6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of common stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each $100 of bonds up to $9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. **Price—**100% of principal amount for bonds. **Proceeds—**To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. **Underwriter—**Company may sell debenture bonds and common stock to dealers through brokers.

Electronics Investment Corp., San Diego, Calif.
Dec. 14 filed 2,000,000 shares of capital stock (par $1). **Price—**$5 per share. **Proceeds—**For investment.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price—**Five cents per share. **Proceeds—**For exploration and development expenses. **Office—**506 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter—**Utah Securities Co., same city.

Exhibitors Film Financial Group, Inc., New York
ec. 10 filed 100,000 shares of capital stock. **Price**—At ar ($100 per share). **Proceeds**—For general corporate urposes. **Underwriter**—None. Samuel Pinanski, of Bos- n, Mass., President of American Theatres Corp., will be resident of Exhibitors.

Fallon Gas Corp., Denver, Colo.
ct. 20 (letter of notification) 5,400,000 shares of com- on stock (par five cents) to be offered for subscription y stockholders of Colo-Kan Fuel Corp. for a period f 40 days; then to public. **Price**—5½ cents per share. **roceeds**—For expenses incident to gas activities (and ossibly uranium). **Office**—527 Ernest & Cranmer Bldg., enver, Colo. **Underwriter** — First Securities Corp., hiladelphia, Pa.

★ **Far North Oil & Gas Co., Anchorage, Alaska**
ec. 29 (letter of notification) 300,000 shares of capital ock. **Price**—At par ($1 per share). **Proceeds**—For oil nd gas operations. **Office**—236 Tenth Ave., Anchorage, laska. **Underwriter**—None.

Farm & Ranch Management Corp.
ec. 13 (letter of notification) $150,000 of series A cattle ebentures; $56,250 of series B debentures; $82,500 of eries C; and 385 shares of common stock (par $10). **rice** — At par. **Office** — 214 Royal Palm Way, Palm each, Fla. **Underwriter** — Anderson Cook Co., Inc., ame city. **Offering**—Temporarily withdrawn.

Financial Credit Corp., New York
an. 29 filed 250,000 shares of 7% cumulative sinking und preferred stock. **Price**—At par ($2 per share). **Pro- eeds**—For working capital. **Underwriter**—E. J. Foun- in & Co., Inc., New York.

Food Mart, Inc., El Paso, Tex. (1/19)
ec. 21 filed 180,000 shares of common stock (par $2), f which 50,000 shares are to be offered by company nd 130,000 shares by selling stockholders. **Price**—To be upplied by amendment (about $10-$11 per share). **Pro- eeds**—Together with other funds, to be used to redeem ubordinated income debentures and to purchase capital tock of Del Norte Frozen Foods, Inc. **Underwriter**— hearson, Hammill & Co., New York.

★ **Foramino, Inc., Buffalo, N. Y.**
ec. 27 (letter of notification) 4,000 shares of 6% cumu- tive preferred stock (par $40) and 40,000 shares of ommon stock (par $1) to be offered in units of one hare of preferred and 10 shares of common stock. **rice**—$50 per unit. **Proceeds**—For equipment and raw aterials and for working capital. **Office**—1435 Rand ldg., Buffalo 3, N. Y. **Underwriter**—None.

Four States Uranium Corp., Grand Junction, Colo.
ug. 16 (letter of notification) 300,000 shares of com- on stock. **Price**—At par ($1 per share). **Proceeds**—For xploratory and development expenses. **Office** — 618 ood Avenue, Grand Junction, Colo. **Underwriter** — oe Rosenthal, 1669 Broadway, Denver, Colo.

★ **Franklin Custodian Funds, Inc. New York**
ec. 30 filed (amendment) covering additional shares in s five funds. **Price** — At market. **Proceeds** — For in- estment.

Funeral Directors Manufacturing & Supply Co.
ov. 5 filed 199,907 shares of common stock to be sold o customers. **Price**—At par ($100 per share). **Proceeds** —For capital expenditures and working capital and other eneral corporate purposes. **Office** — Louisville, Ky nderwriter—None.

Gatineau Uranium Mines Ltd. (Canada)
ug. 10 (Regulation "D") 300,000 shares of common stock rice—At par ($1 per share). **Proceeds**—For explora- ion and development costs. **Office** — 100 Adelaide St West, Toronto, Canada. **Underwriter**—McCoy & Willard oston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah
ec. 9 (letter of notification) 11,000,000 shares of capital tock (par one cent). **Price**—Two cents per share. **Pro- eeds**—For exploration and development of oil and ura- ium properties. **Office** — 414 Judge Bldg., Salt Lake ity, Utah. **Underwriter**—Utah Uranium Brokers, same ity.

● **General Homes, Inc., Huntington Station, L. I. N. Y. (1/25)**
ec. 15 filed 300,000 shares of common stock (par $1). rice—$5 per share. **Proceeds**—For plant expansion, new quipment, inventory and working capital. **Underwriter** —S. D. Fuller & Co., New York.

General Services Life Insurance Co.
Sept. 14 filed 50,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For general orporate purposes. **Office**—Washington, D. C. **Under- writer**—None.

General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of com- mon stock. **Price**—At par (25 cents per share). **Pro- eeds**—For development and exploration expenses. **Of- fice**—404 Boston Building, Salt Lake City, Utah. **Under- writer**—P. G. Christopulos & Co., same city.

Globe Hill Mining Co., Colorado Springs, Colo.
Nov. 18 (letter of notification) 3,000,000 shares of com- mon stock (par one cent). **Price**—1¾ cents per share. **Proceeds**—For mining purposes. **Office**—306 Independ- ence Bldg., Colorado Springs, Colo. **Underwriter**—Al. J. Johnson, same city.

★ **Great Northern Oil Co.**
Dec. 27 (letter of notification) 300,000 shares of com- mon stock, of which 150,000 shares are to be offered to public and 150,000 shares issued in exchange for certain oil and gas leases. **Price**—At par ($1 per share). **Proceeds**—For oil and gas operations. **Office**—Truckee Bldg., Carson City, Nev. **Underwriter**—None.

★ **Great Western Uranium Co., Reno, Nev.**
Dec. 28 (letter of notification) $125,000 of 6% five-year production notes and 250,000 shares of common stock (par 25 cents) to be offered in units of one $500 note and 1,000 shares of stock. **Price**—$500 per unit. **Pro- ceeds** — For mining operations. **Office** — 761 West St., Reno, Nev. **Underwriter** — Harold G. Spencer, 11805 N. E. Brazee St., Portland, Ore.

Green Mountain Uranium Corp. (1/14)
Nov. 30 (letter of notification) 2,000,000 shares of com- mon stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office**—618 Rood Ave., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jer- sey City, N. J.

Gulf States Utilities Co.
May 14 filed 160,000 shares of preferred stock (par $100). Proceeds — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. Underwriter—To be determined by competitive bidding. Probable bid- ders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). Bids—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but of- fering has been postponed.

Gulf States Utilities Co.
May 14 filed $24,000,000 of first mortgage bonds due June 1, 1984. Proceeds—To redeem $10,000,000 of 3⅞% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corpo- rate purposes. Underwriter—To be determined by com- petitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fen- ner & Beane and White, Weld & Co. (jointly); Salo- mon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. Bids—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Highland Uranium, Inc., Casper, Wyo.
Dec. 13 (letter of notification) 6,000,000 shares of com- mon stock (par two cents). **Price**—Five cents per share. **Proceeds** — For exploration and development expenses. **Office**—208 Turner-Cottman Bldg., Casper, Wyo. **Under- writer** — Casper Brokerage Co., Inc., Henning Hotel Bldg., Casper, Wyo.

Hilton Hotels Corp., Chicago, Ill.
Dec. 23 filed $7,978,900 of 15-year convertible deben- tures, due Jan. 1, 1970, and $31,915,600 of 15-year deben- tures due Jan. 1, 1970, to be offered to certain holders and former holders of common stock of Hotels Statler Co., Inc. on the basis of $10 principal amount of con- vertible debentures and $40 principal amount of non- convertible debentures for each common share held. **Price**—At 100% of principal amount. **Proceeds**—To pre- pay bank loan and for working capital. **Underwriter**— None.

● **Hycon Mfg. Co., Pasadena, Calif. (1/17-21)**
Dec. 17 filed 120,000 shares of 5½% cumulative convert- ible non-participating preferred stock. **Price**—At par ($10 per share). **Proceeds**—For general corporate pur- poses, including capital improvements and working cap- ital. **Business** — Designs, develops, manufactures and sells special and general purpose electronic test equip- ment, etc. **Underwriter**—Townsend, Graff & Co., New York.

● **Imperial Minerals, Ltd. (Canada) (1/12)**
Nov. 23 (Regulation "D") 830,000 shares of common stock (par $1). **Price**—36 cents per share. **Proceeds**— For mining activities. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

● **Income Fund of Boston, Inc. (1/24-28)**
Dec. 2 filed 800,000 shares of common stock (par $1). **Price**—To be supplied by amendment (expected at $10 per share). **Proceeds**—For investment. **Underwriter**— Hayden, Stone & Co., New York.

International Spa, Inc., Reno, Nev.
Nov. 23 filed 12,000 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—For land, construc- tion, working capital, etc. **Underwriter**—None.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumula- tive preferred stock (no par) and 3,799 shares of com- mon stock (no par). **Price**—For preferred, $20 per share, and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Un- derwriter**—Interior Securities, Inc., San Antonio, Tex.

Investors Group Canadian Fund Ltd., Winnipeg, Canada
Dec. 13 filed 3,000,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment principally in stocks of Canadian industries. **Organized**—In November 1954 by Investors Diversified Services, Inc., as a special type of mutual investment company. **Underwriter**—None.

★ **Jones-Hamilton Co., Oakland, Calif.**
Dec. 30 (letter of notification) 6,500 shares of common stock (par $5). **Price**—$9.50 per share. **Proceeds**—For manufacture of household chemical specialty items. **Office**—4600 Clement St., Oakland 1, Calif. **Under- writer**—None.

Justheim Petroleum Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 2,650,000 shares of com- mon stock (par five cents). **Price**—10 cents per share. **Proceeds** — For oil and mining expenses. **Office**—318 Phillips Petroleum Bldg., Salt Lake City, Utah. **Under- writer**—Hunter Securities Corp., New York.

Lee Finance Co., Minneapolis, Minn.
Nov. 3 (letter of notification) 13,000 shares of preferred stock (par $10) and $170,000 of 8% subordinate notes due five years from date of issue. **Price**—At par. **Pro- ceeds**—To reduce bank loans and for working capital. **Office**—305 Northwestern Federal Bldg., Minneapolis, Minn. **Underwriter**—Daniels & Smith.

★ **Lerner Markets, Inc. (Pa.)**
Dec. 29 (letter of notification) 50,000 shares of class A common stock (par $1). **Price**—$6 per share. **Proceeds**— For expansion, etc. **Office** — Hatboro, Pa. **Business**— Operates food markets. **Underwriter**—Philadelphia Se- curities Co., Philadelphia, Pa.

Liberty Oil & Uranium Co., Denver, Colo.
Nov. 19 (letter of notification) 2,900,000 shares of com- mon stock (par one cent). **Price**—10 cents per share. **Proceeds** — For oil and mining activities. **Office** — 250 Equitable Bldg., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—Three cents per share. Proceeds—For mining operations. Office—402 Darling Bldg., Salt Lake City, Utah. Underwriter — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Life Insurance Investors, Inc., N. Y.
Dec. 17 filed 1,000,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For in- vestment. **Business**—A diversified management invest- ment company. **Underwriters**—White, Weld & Co., New York, and J. C. Bradford & Co., Nashville, Tenn. **Offer- ing**—Expected latter part of January.

Lincoln Uranium Corp., Reno, Nev.
Nov. 5 (letter of notification) 5,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Pro- ceeds**—For exploration and development expenses. **Of- fice**—206 N. Virginia St., Reno, Nev. **Underwriter**— McCoy & Willard, Boston, Mass.

★ **Lista, Inc., Reno, Nev.**
Dec. 28 (letter of notification) 6,000,000 shares of capi- tal stock (par one cent). **Price**—Five cents per share. **Proceeds**—To expenses incident to uranium mining op- erations. **Office**—139 N. Virginia St., Reno, Nev. **Under- writer**—None.

★ **Longstreet-Abbott & Co., Clayton, Mo.**
Dec. 22 (letter of notification) not to exceed $300,000 of contracts of participation in the commodity syndi- cate. **Proceeds** — For expenses incident to trading in agricultural commodities. **Office** — 7 No. Brentwood Blvd., Clayton 5, Mo.

★ **Longstreet-Abbott & Co., Clayton, Mo.**
Dec. 28 (letter of notification) contracts of participa- tion in the Commodity Trading Fund. **Price**—Aggre- gate amount not to exceed $300,000. **Proceeds** — For trading in commodity futures and spot commodities. **Office**—7 No. Brentwood Blvd., Clayton 5, Mo. **Under- writer**—None.

Lucky-Custer Mining Corp.
Dec. 7 (letter of notification) 50,967 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Office**—329 Yates Bldg., Boise, Ida. **Underwriter**—Ernest Leroy Bevis, 1414 Arthur St., Caldwell, Ida.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of com- mon stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office** —239 Ness Bldg., Salt Lake City, Utah. **Underwriter**— Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of com- mon stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Under- writer**—Mid-Coninent Securities, Inc., the same city.

Magic Uranium Co., Inc., Salt Lake City, Utah
Oct. 15 (letter of notification) 3,000,000 shares of com- mon stock (par one cent). **Price**—10 cents per share. **Proceeds**—For development and exploration costs. **Of- fice**—529 Newhouse Bldg., Salt Lake City, Utah. **Un- derwriter**—I. J. Schenin Co., New York.

● **Marine Midland Corp., Buffalo, N. Y.**
Dec. 9 filed 403,082 shares of 4% cumulative preferred stock being offered for subscription by common stock- holders of record Jan. 5, 1955, on the basis of one pre- ferred share for each 18 shares of common stock held. Rights will expire on Jan. 24. **Price**—At par ($50 per share). **Proceeds**—For investment in additional capital stock of subsidiary bank, to repay bank loans and for other corporate purposes. **Underwriters**—The First Bos- ton Corp.; Union Securities Corp.; Schoellkopf, Hutton & Pomeroy, Inc.; and Granbery, Marache & Co.

Marion River Uranium Co.
June 14 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds— For development expenses. Underwriter—Crerie & Co., Houston, Tex.

McCluskey Wire Co., Inc., New Haven, Conn.
June 21 (letter of notification) $95,000 of 5% debentures, series A, due July 1, 1962, and $95,000 of 6% debentures, series B, due July 1, 1970. **Proceeds**—To acquire assets and business of H. & T. McCluskey & Sons, Inc. **Office** —527 Grand Avenue, New Haven, Conn. **Underwriter**— Barnes, Bodell & Goodwin, Inc., New Haven, Conn.

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★ Melody Fair Corp., Albany, N. Y.
Dec. 27 (letter of notification) $80,000 of 6-year 6% debentures due Dec. 15, 1960 (with stock purchase warrants). **Price**—At par (in denominations of $100 each), one warrant to be issued with each debenture purchased. **Proceeds**—For working capital. **Business**—To carry out general theatrical purposes and objects. **Office**—90 State St., Albany, N. Y. **Underwriter**—None.

Merritt-Chapman & Scott Corp.
Dec. 21 filed 3,018,567 shares of common stock (par $12.50) to be offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par $5) of Tennessee Products & Chemical Corp., at the rate of 1¼ shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par $2) of Devoe & Raynolds Co., Inc. at the rate of 1⅔ shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par $1) of Devoe, at the rate of 1⅓ shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par $1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par $1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,400 outstanding shares of common stock (par $10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 1½ shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood.

Mi-Ame Canned Beverages Co., Hialeah, Fla.
Oct. 28 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase raw materials and new machinery, and for working capital. **Underwriter** — Frank D. Newman & Co., Miami, Fla.

Mid-Continent Uranium Corp. (1/17-18)
Nov. 26 filed 1,562,500 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploratory operations, machinery and equipment, and for working capital and unforeseen contingencies. **Underwriter**—General Investing Corp., New York.

Military Investors Financial Corp.
Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—2310 Main St., Houston, Texas. **Underwriter**—Cobb & Co., Inc., same city.

★ Minneapolis Gas Co.
Dec. 30 filed 184,523 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For additions to property. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

● Missouri Utilities Co., Cape Girardeau, Mo.
Dec. 20 filed 27,420 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each 10 shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Dealer-Manager**—Edward D. Jones & Co., St. Louis, Mo.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

★ Montreal (City of), Canada (1/26)
Dec. 30 filed $35,000,000 of 1955 U. S. Currency issue debentures due serially Jan. 1, 1956-1974. **Price**—To be supplied by amendment. **Proceeds**—To pay for new construction, improvements, etc. **Underwriter**—To be named by amendment. Halsey, Stuart & Co. Inc. and Savard & Hart won last issue at competitive sale. Other groups who bid were: Kuhn, Loeb & Co., Glore, Forgan & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co., Union Securities Corp. and Blyth & Co., Inc.; Lehman Brothers. **Bids**—Expected Jan. 26. Conferences with investment bankers expected to be held on or about Jan. 10.

★ Mt. Zion Uranium Corp., Las Vegas, Nev.
Dec. 29 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—Cornet Bldg., Las Vegas, Nev. **Underwriter**—None.

Nash Finch Co., Minneapolis, Minn.
Dec. 6 (letter of notification) 1,000 shares of common stock. **Price**—At maximum of $18.50 per share. **Proceeds**—To Willis King Nash, the selling stockholder. **Underwriter**—J. M. Dain & Co., Minneapolis, Minn.

● National Can Co. (1/11)
Dec. 22 filed $4,500,000 of 5% convertible subordinate income debentures due Jan. 1, 1976 to be offered for subscription by common stockholders of record Jan. 11 on the basis of $100 of debentures for each 23 common shares held; rights to expire on or about Jan. 25. **Price**—At par. **Proceeds**—To acquire stock of Pacific Can Co. **Underwriters**—Bear, Stearns & Co. and A. C. Allyn & Co. Inc., both of New York.

● New Britain Gas Light Co.
Dec. 15 (letter of notification) 8,572 shares of common stock (par $25) being offered for subscription by stockholders of record Jan. 3 at rate of one new share for each seven shares held; rights to expire Jan. 25. **Price**—$26 per share. **Proceeds**—To repay bank loans. **Office**—35 Court St., New Britain, Conn. **Underwriter**—None.

New England Power Co. (1/18)
Dec. 13 filed $25,000,000 of first mortgage bonds, series F, due Jan. 1, 1985. **Proceeds**—To purchase properties from Connecticut River Power Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 18, 1955.

New Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

New York Shipbuilding Corp.
Dec. 6 filed 74,925 shares of common stock (par $1) to be offered in exchange for 374,624 shares of common stock (par five cents) of Highway Trailer Co. at rate of one share of Shipbuilding stock for each five shares of common stock of the Trailer company.

★ Nipissing Mines Co. Ltd., Toronto, Canada (1/24)
Jan. 3 filed 1,200,000 shares of common stock (par $1—Canadian) to be offered as "speculative" securities for subscription by common stockholders of record Jan. 24, 1955, on a share-for-share basis. **Price**—$2 (Canadian) and $2.06 (U. S.) per share. **Proceeds**—For payment of options, development of properties, and for machinery and equipment. **Underwriters** — Allan H. Investments, Ltd.; Alator Corp., Ltd.; Louis A. Chesler; and Bradley Streit; all of Toronto, Canada.

★ Northeastern Steel Corp. (1/26)
Dec. 31 filed $4,600,000 of 6% subordinated debentures, series A, due Feb. 1, 1975; 920,000 shares of common stock (par $1); and common stock purchase warrants for 276,000 shares of additional common stock. These securities are to be offered in 92,000 units, each unit consisting of a $50 registered debenture, 10 shares of common stock and a warrant to purchase three shares of common stock at $8.33⅓ per share payable in cash or debentures at par. **Price**—Expected to be a maximum of $100 per unit. **Proceeds**—To expand mill, to meet short-term loans borrowed in acquiring that plant at Bridgeport, Conn., and for general corporate purposes. **Office**—Bridgeport, Conn. **Underwriter**—Estabrook & Co., Boston, Mass., and New York, N. Y.

Northern California Plywood, Inc.
Sept. 13 filed 300 shares of common stock (par $5,000) and 5,000 shares of 5% cumulative participating preferred stock (par $100). **Price**—At par. **Proceeds**—To purchase properties of Paragon Plywood Corp. and purchase of raw materials. **Office** — Crescent City, Calif. **Underwriter**—None. Sales to be made through Raymond Benjamin Robbins.

Onego Corp., Uniontown, Pa.
Dec. 8 filed 150,000 shares of capital stock (par $1). **Price**—$3.50 per share. **Proceeds**—To repay bank loans and indebtedness to company officials; to pay balance of purchase price of New Mexico property; to purchase equipment and wells; and for working capital. **Underwriter** — Langley-Howard, Inc., Pittsburgh, Pa., on a "best-efforts" basis.

Paraderm Laboratories, Inc.
Nov. 12 (letter of notification) 250,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—415 Congress St., Portland, Me. **Underwriter** — Sheehan & Co., Boston, Mass.

Paramount Uranium Corp., Moab, Utah
Oct. 7 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—325 Main St., Moab, Utah. **Underwriter**—Van Blerkom & Co., Salt Lake City, Utah.

Pay Day Uranium Co., Las Vegas, Nev.
Oct. 15 (letter of notification) 2,500,000 shares of capital stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—230 Fremont St., Las Vegas, Nev. **Underwriter**—Allied Underwriter Co., the same city.

Pennsylvania Power & Light Co.
Dec. 2 filed 65,455 shares of common stock (no par); 858 shares of 4.40% cumulative preferred stock (par $100); 5,378 shares of 3.35% cumulative preferred stock (par $100); and 4,032 shares of 4½% cumulative preferred stock (par $100) being offered in exchange for securities of The Scranton Electric Co. on the following basis: (a) one share of Pennsylvania common stock for each two shares of Scranton common stock; (b) one share of Pennsylvania 4.40% series preferred stock for each share of Scranton 4.40% cumulative preferred stock; and (c) one share of Pennsylvania 3.35% series preferred stock for each share of Scranton 3.35% cumulative preferred stock, or, at the election of the Scranton shareowners, for each share of Scranton's 3.35% cumulative preferred stock, two shares of Pennsylvania's common stock, or for each lot of four shares of Scranton 3.35% cumulative preferred stock, three shares of Pennsylvania's 4½% preferred stock. Pennsylvania owns approximately 91% of the preferred stock and 91% of the common stock of Scranton. Statement effective Dec. 22.

Petroleum Reserves, Inc., New York
Dec. 27 filed $7,500,000 of 4% debentures due 1970, 100,000 shares of 5% preferred stock (par $25) and 1,000,000 shares of common stock (par 10 cents) to be offered in units of $75 principal amount of debentures, one share of preferred stock and 10 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Underwriter**—William A. M. Burden & Co., New York.

Phillips Screw Co., New York
Dec. 3 (letter of notification) an undertermined number of shares of capital stock (par 10 cents) being offered for subscription by stockholders of record Dec. 16 on the basis of one new share for each 4½ shares held (with an oversubscription privilege); rights to expire on Jan. 14. **Price**—$3.75 per share. **Proceeds**—For working capital of subsidiary. **Office** — 580 Fifth Ave., New York 36, N. Y. **Underwriter**—None. **Subscription Agent**—United States Trust Co., New York.

● Poly-Seal Corp.
Dec. 8 (letter of notification) 40,000 shares of capital stock (par 10 cents) being offered for subscription by stockholders on a one-for-five basis for a period of 30 days from Dec. 29. **Price**—$1.75 per share. **Proceeds**—For machinery and equipment and working capital. **Business** — Manufactures and sells plastic screw-cap closures. **Office** — 405 Lexington Avenue, New York, N. Y. **Underwriter**—None.

● Primadonna Hotel, Inc., Reno, Nev.
Dec. 8 filed 2,330 shares of class A common stock and 9,260 shares of class B common stock to be offered in units of one class A and four class B shares only to persons approved by the Nevada State Tax Commission. **Price** — $500 per unit. **Proceeds** — To construct eight-story hotel at 237-241 No. Virginia St., Reno, Nevada. **Underwriter**—None. Statement effective Dec. 22.

Public Service Electric & Gas Co. (1/12)
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.

Rainier Telephone Co., Rainier, Wash.
Dec. 14 (letter of notification) $85,000 of 5½% 20-year sinking fund bonds due Dec. 1, 1979. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To purchase assets of Methow Valley Telephone Co., refund mortgage debt, and for working capital. **Underwriter**—Wm. P. Harper & Son & Co., Seattle, Wash.

Rolon Tire Chain Corp., Denver, Colo.
Oct. 27 (letter of notification) 60,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For increased inventory, working capital, sales and production expenses, etc. **Office**—150 Tejon St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., same city.

Ross (J. O.) Engineering Corp.
Dec. 27 (letter of notification) 12,400 shares of common stock (par $1). **Price**—At market (around $15 per share). **Proceeds**—To selling stockholders. **Underwriter**—Granbery, Marache & Co., New York.

Rushmore Uranium & Oil Corp.
Dec. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses of uranium and oil properties. **Office**—618 6th St., Box 8, Rapid City, S. D. **Underwriter**—Philip Gordon & Co., Inc., New York.

★ Salt Lake Hardware Co., Salt Lake City, Utah
Dec. 30 (letter of notification) 4,062 shares of common stock (par $10), to be first offered to employees who are not stockholders; then to stockholders; and any unsubscribed shares after Feb. 4, 1955 to public. **Proceeds**—To restore to working capital amount expended for acquisition of these securities. **Office**—105 N. Third West St., Salt Lake City, Utah. **Underwriter** — J. A. Hogle & Co., same city.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

Seven Up Bottling Co. of Los Angeles, Inc. (1/10)
Dec. 14 filed 19,767 shares of capital stock (no par) to be offered for subscription by common stockholders of record Jan. 10, 1955 at rate of one new share for each four shares held. **Price**—$32.50 per share. **Proceeds**—For expansion program. **Underwriter** — Quincy Cass Associates, Los Angeles, Calif.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason

Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo.

Somerset Telephone Co., Norridgewock, Me.
June 11 (letter of notification) 2,200 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For expansion and new equipment. **Underwriters**—E. H. Stanley & Co., Waterville, Me.; and Clifford J. Murphy Co., Portland, Me.

Stanley Aviation Corp.
Dec. 14 (letter of notification) 10,500 shares of common stock (par 10 cents). **Price**—$16.66 per share. **Proceeds**—For working capital. **Office**—Buffalo 25, N. Y. **Underwriter**—None.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—For purchase of land and to construct and equip a luxury hotel. **Underwriter**—None.

State Fire & Casualty Co., Miami, Fla. (1/13)
Dec. 23 filed 125,000 shares of class A non-voting common stock (par $1) to be offered for subscription by holders of class A and class B common stocks at rate of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—To enable company to expand its business. **Underwriter** — A. M. Kidder & Co., New York, N. Y., and Miami, Fla.

● **Stinnes (Hugo) Corp., New York**
Nov. 22 filed $6,000,000 of notes and an unspecified number of shares of common stock (par $5) to be offered in units of $1,000 of notes and an unspecified number of common shares. **Price**—To be supplied by amendment. **Proceeds**—For retirement of 7% debentures of Hugo Stinnes Industries, Inc., due 1946. **Underwriters**—Halsey, Stuart & Co. Inc. and A. G. Becker & Co. Inc., Chicago and New York. Statement to be withdrawn. Financing done in Germany.

● **Stylon Corp. (1/10)**
Dec. 9 filed 250,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters** — Gearhart & Otis, Inc.; McCoy & Willard; and White & Co.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Tarbell Mines, Ltd. (Canada)
Sept. 24 (Regulation "D") 599,760 shares of common stock (par $1—Canadian). **Price**—50 cents per share.—U. S. funds. **Proceeds**—For exploration and development expenses and acquisition of property. **Underwriter**—H. J. Cooney & Co., New York.

Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). **Price** — 3 cents per share. **Proceeds**—For exploration and development expenses. **Office**—39 Exchange Place, Salt Lake City, Utah. **Underwriter**—Walter Sondrup, same city.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis.

Texcrete Structural Product Co., Dallas, Texas
Dec. 14 filed 350,779 shares of common stock (par 10 cents) to be offered for subscription by stockholders of Texas Industries, Inc. of record Dec. 10, 1954 at rate of one share Texcrete for each share of Texas Industries then held. **Price**—$3 per share to stockholders and $3.50 to public. **Proceeds**—For expansion and general corporate purposes. **Underwriters**—Rauscher, Pierce & Co., Inc., Dallas, Tex., and Russ & Co., San Antonio, Tex. **Offering**—Expected this week for a 14-day standby.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Toledo Edison Co. (1/19)
Dec. 29 filed 400,000 shares of common stock (par $5) and 100,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—The First Boston Corp., New York, and Collin, Norton & Co., Toledo, Ohio.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development costs. **Office**—358 S. 3rd St. East, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., same city.

Turf Paradise, Inc., Phoenix, Ariz.
Nov. 12 filed 83,334 shares of common stock (par $10) and 83,334 shares of preferred stock (par $20) to be offered in units of one share of each class of stock. **Price**—$30 per unit. **Proceeds**—To construct racing plant and to repay obligations. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office**—906 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For exploration and development costs. **Office**—424 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., same city.

★ **United Artists Theatre Circuit, Inc. (1/24-28)**
Dec. 29 filed 400,121 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for working capital. **Underwriter**—Allen & Co., New York.

United Gas Corp. (1/11)
Dec. 15 filed 170,000 shares of common stock (par $10). **Proceeds**—To Electric Bond & Share Co. This sale will reduce E. B. & S. holdings to less than 10% of United Gas Stock outstanding. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Goldman, Sachs & Co.; The First Boston Corp.; Lehman Brothers. **Bids**—To be received up to 3:45 p.m. (EST) on Jan. 11 at Two Rector St., New York, N. Y.

● **United States Plywood Corp. (1/25-26)**
Dec. 22 filed $25,000,000 of 25-year sinking fund debentures due Jan. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To redeem $15,000,000 of outstanding debentures and for other corporate purposes. **Underwriter**—Eastman, Dillon & Co., New York.

Universal Major Corp. (Nev.) (1/12)
Dec. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To retire indebtedness and for working capital, etc. **Business**—Manufacture of major home appliances. **Office**—67 East 59th St., New York, N. Y. **Underwriter**—Gearhart & Otis, Inc., New York.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For cost of Driller Boy (drilling equipment which company rents out), and working capital. **Office**—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. **Underwriter**—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Urainbow, Inc., Salt Lake City, Utah
Aug. 31 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses. **Office**—908 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Austin B. Smith Brokerage Co., the same city.

Uranium Corp. of Colorado
Sept. 23 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and development costs. **Office** — 129 East 60th St., New York, N. Y. **Underwriter**—None.

Uranium Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For core drilling program upon two groups of claims. **Address**—Box 709, Wallace, Idaho. **Underwriter**—Wallace Brokerage Co., some city.

★ **Uranium Royalties, Inc., Rapid City, S. Dak.**
Dec. 27 (letter of notification) 1,165,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses, etc. **Office**—626 Sixth St., Rapid City, S. D. **Underwriter**—Wendell E. Kindley & Co., same address.

Uranium of Utah, Inc., Provo, Utah
Sept. 14 (letter of notification) 3,000,000 shares of common stock (par 1 cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office** 227 N. University Ave., Provo, Utah. **Underwriter**—Bay Securities Corp., New York.

Uranium Shares, Inc., Denver, Colo.
Dec. 22 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—3038 Wyandot St., Denver, Colo. **Underwriters**—Kamp & Co., Fred W. Miller & Co. and Mile High Securities Co., all of Denver, Colo.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). **Price**—Six cents per share. **Proceeds**—For exploration and development expenses. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—1818 Beverly Way, Las Vegas, Nev. **Underwriter**—First Western Securities, same city.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 289, Wallace, Idaho. **Underwriter**—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

Washington Natural Gas Co., Clarksburg, Va.
Sept. 20 (letter of notification) 10,000 shares of common stock. **Price**—At the market (estimated at $1.37½ per share). **Proceeds**—To Elizabeth D. Hardman, the selling stockholder. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). **Price**—30 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

Western Central Petroleums, Inc., N. Y.
Sept. 16 (letter of notification) 133,333 shares of common stock (par 10 cents). **Price**—At market (estimated at 36½ cents). **Proceeds**—To certain selling stockholders. **Office** — 32 Broadway, New York. **Underwriter** — S. B. Cantor Co., New York.

Western Plains Oil & Gas Co.
May 24 filed 100,000 shares of common stock (par $1). **Price**—$4.75 per share. **Proceeds**—To redeem 1,250 outstanding preferred shares ($125,000), to repay bank loan, etc. ($2,500); for purchase or acquisition of additional mineral interests, leases and royalties in the United States and Canada and for other corporate purposes. **Office**—Glendive, Mont. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

Wilco Oil & Minerals Corp.
Nov. 2 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to oil activities. **Office** — 728 Columbus St., Rapid City, S. D. **Underwriter**—Fenner-Streitman & Co., New York.

William Montgomery Co., Philadelphia, Pa.
Dec. 9 (letter of notification) $150,000 5% registered debenture notes (subordinated) maturing 10 years from date of issuance. **Price**—At par. **Proceeds**—For working capital. **Office**—999 No. Second St., Philadelphia 23, Pa. **Underwriter**—None.

★ **Winn & Lovett Grocery Co.**
Dec. 23 (letter of notification) not to exceed $285,000 aggregate value of common stock (par $1) to be offered to employees. **Proceeds**—For general corporate purposes. **Office**—5050 Edgewood Court, Jacksonville, Fla. **Underwriter**—None.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital. **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

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Prospective Offerings

Air-Way Electric Appliance Corp.
Dec. 6 directors approved proposals to increase the authorized common stock (par $3) from 400,000 shares to 1,200,000 shares, and to authorize $5,000,000 of preferred stock to carry a dividend rate of not exceeding 5%, with either a $50 or a $100 par value. Both stock issues are subject to approval of the stockholders. Underwriters—Wm. C. Roney & Co., Detroit, Mich., has handled numerous secondary offerings in the past.

Central & Southwest Corp.
Sept. 2 it was reported company plans issue and sale of between 500,000 to 600,000 additional shares of common stock, probably first to stockholders. **Underwriter**—May be determined by competitive bidding. **Probable** bidders; Blyth & Co., Inc. and Smith, Barney & Co (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly). **Offering**—Not expected until early in 1955.

Chesapeake & Ohio Ry.
Sept. 29 it was reported company plans to issue and sell $40,000,000 of new bonds. **Proceeds**—To refund its outstanding $37,851,000 3⅞% bonds and $2,441,000 4% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.

Chesapeake & Potomac Telephone Co. of Baltimore City (2/1)
Dec. 28 directors authorized issuance and sale of $25,000,000 40-year debentures due 1995. **Proceeds**—To redeem $15,000,000 of 3½% debentures due 1984 at 104.52% and accrued interest on March 7, 1955; and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; White, Weld & Co. **Bids**—Expected to be received on Feb. 1.

● Chicago & Eastern Illinois RR.
Dec. 29 the ICC approved plan to offer $15,336,480 of 5% income debentures due Jan. 1, 2054, in exchange, par for par, for the outstanding 383,412 shares of class A stock (par $40). The offer expires Jan. 21, 1955.

Citizens National Trust & Savings Bank of Los Angeles (1/14)
Dec. 6 it was announced bank plans to issue to stockholders of record Jan. 11 the right to subscribe for 200,000 additional shares of new common stock (par $10) on the basis of two new shares for each five shares held (after proposed stock split to be voted on Jan. 11); rights to expire on Feb. 14. **Price**—$33 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

Consolidated Uranium Mines, Inc.
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Dallas Power & Light Co. (2/14)
Dec. 8 it was reported company plans to issue and sell $7,000,000 of debentures due 1980. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Wertheim & Co. (jointly); Kidder, Peabody & Co., Blyth & Co., Inc. and Merrill, Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co. **Registration**—Scheduled for Jan. 14. **Bids**—Expected to be received up to 11 a.m. (EST) on Feb. 14.

First Bank Stock Corp., Minneapolis, Minn.
Dec. 21 it was announced corporation plans to offer 361,922 additional shares of capital stock to its stockholders on basis of one new share for each eight shares held. **Price**—To be determined at time of offering (stockholders meeting will be held Feb. 16 to approve issue). **Proceeds**—To increase capital structures of affiliated banks. **Underwriter**—Blyth & Co., Inc., New York.

★ General Motors Corp. (2/8)
Jan. 3 it was announced company plans to offer to common stockholders additional commn stock on basis of one new share for each 20 shares held (at last accounts 88,513,817 shares were outstanding). **Price**—To be determined shortly before offering. **Proceeds**—About $325,000,000 for capital expenditures and working capital. **Underwriter**—Morgan Stanley & Co., New York. **Registration**—Expected about Jan. 20.

General Telephone Co. of California
Dec. 15 company applied to California P. U. Commission for authority to issue and sell 200,000 shares of 4½% preferred stock (par $20). **Proceeds**—To repay bank loans and for expansion program. **Underwriters**—May be Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Jones & Templeton.

★ Harvard Brewing Co., Lowell, Mass.
Dec. 31 the Alien Property Office of the Justice Department said it is anticipated that the government's holdings of 345,760 shares of capital stock (par $1), out of 625,000 shares outstanding, will be offered for sale early in 1955.

Holly Corp., New York
Sept. 9 S. B. Harris, Jr., President, stated that preliminary financing by Holly Uranium Corp. has been arranged to be followed by a public offering early in 1955 after which Holly Corp. plans to distribute part of its holdings of Holly Uranium Corp. stock to its stockholders.

Kansas City Power & Light Co. (2/15)
Sept. 15 it was announced that company plans to sell $16,000,000 first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received on Feb. 15, 1955.

Kansas Gas & Electric Co. (3/15)
Dec. 23 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1985. **Proceeds**—For construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly). **Bids**—Expected March 15.

Kansas Gas & Electric Co. (3/15)
Dec. 23 it was reported company plans sale of 60,000 shares of preferred stock (par $100). **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co. Inc.; Union Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Tentatively expected March 15.

★ M and M Wood Working Co.
Dec. 27 it was announced company's National Tak & Pipe division will enter the plastic pipe business on a production basis on or about March 15. Plans for financing a substantial addition to the company's plant in Portland's Kenton district have been approved by the directors and construction will begin immediately. **Underwriter**—Kidder, Peabody & Co., New York, underwrote previous public financing.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Missouri Natural Gas Co.
Nov. 8 it was reported early registration of about 110,000 shares of common stock is expected. **Price**—May be around $8 per share. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Missouri Pacific RR. (1/13)
Dec. 27 it was reported company plans to sell at competitive bidding on Jan. 13 an issue of $3,900,000 equipment trust certificates, series ZZ, due annually to 1970, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

New England Telephone & Telegraph Co.
Oct. 19 it was announced company proposes to offer to its stockholders of record March 1, next, 511,205 additional shares of capital stock (par $100) on a 1-for-5 basis. American Telephone & Telegraph Co., its parent, owns about 69% of presently outstanding shares. **Proceeds**—To repay temporary borrowings. **Underwriter**—None.

New York, Chicago & St. Louis RR. (1/11)
Nov. 16 it was announced company plans to sell $36,000,000 of income debentures due Dec. 31, 1989. **Proceeds**—To redeem outstanding 334,166 shares of 6% preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); Smith, Barney & Co.; White, Weld & Co.; Kuhn, Loeb & Co. **Bids** — To be received up to noon (EST) on Jan. 11 at 905 Terminal Tower, Cleveland, Ohio.

North Penn Gas Co.
Dec. 17 it was announced 420,000 shares of common stock (par $5) will soon be offered to public. **Price**—To be named later. **Proceeds**—To The Post Publishing Co., publisher of The Boston Post. **Underwriter**—Eastman, Dillon & Co., New York. **Registration**—Expected early in January.

★ Pacific Northwest Pipe Line Corp.
Dec. 20, C. R. Williams, President, announced that it is planned to offer publicly $16,800,000 of 6% interim notes and 280,000 shares of common stock (par $1) in units of $60 principal amount of notes and 10 shares of stock. **Price** — $70 per unit. **Proceeds** — Together with other funds, to finance construction of a 1,400-mile natural gas pipeline between Ingancio, Colo., and Sumas, Wash., on the Canadian border. In addition, 1,659,200 shares of common stock would be offered for subscription by present stockholders who already own 700,000 shares. **Underwriter**—White, Weld & Co., New York. **Offering**—Expected to be completed in first half of February, 1955.

Penn-Texas Corp.
Oct. 18 authorized capital stock (par $10) was increased by 1,000,000 shares, of which about 220,000 shares are to be publicly offered. **Price** — From 15% to 25% below the price on the New York Stock Exchange at the time of offering. **Proceeds** — Of the approximately $3,000,000 which would be obtained, about $1,000,000 will be used for drilling, exploration and additional purchases under the corporation's uranium program; another $1,000,000 will be used to finance accounts re ceivable of a subsidiary and the remainder would b used to develop proven oil reserves, including an ex panded drilling program. **Offering**—No definite decisi yet made.

Pennsylvania RR. (1/6)
Bids will be received by the company in Philadelphi Pa., up to noon (EST) on Jan. 6 for the purchase fro it of $6,810,000 equipment trust certificates, series C to be dated Feb. 1, 1955 and to mature in 15 annual i stalments of $454,000 each from Feb. 1, 1956 to 1970, i clusive. Probable bidders: Halsey, Stuart & Co. Inc Salomon Bros. & Hutzler.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue a sell 100,000 shares of new preferred stock (par $10 **Underwriter**—To be determined by competitive biddin Probable bidders: Harriman Ripley & Co. Inc. a Central Republic Co. Inc. (jointly); Smith, Barney Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. **Offering** Expected in first half of 1955.

★ Reading Co. (1/19)
Bids will be received by the company up to noon (ES on Jan. 19 for the purchase from it of $1,350,000 equi ment trust certificates, series W, due semi-annually, and including Feb. 1, 1970. Probable bidders: Halse Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bla Rollins & Co., Incorporated; Kidder, Peabody & Co.

Rockland-Atlas National Bank, Boston (1/25)
Dec. 15 it was announced company plans (followi 2-for-1 stock split) to offer stockholders of record Ja 25 the right to subscribe for 37,500 additional shares captial stock (par $10) on the basis of one new sha for each 5 14/15 shares held; rights to expire on Feb. **Price**—To be named later. **Proceeds**—To increase ca ital and surplus. **Underwriter**—The First Boston Cor New York.

Sheraton Corp. of America (2/14-18)
Dec. 13 it was reported company may be planning sa of $5,000,000 of debentures (with warrants). **Underwrit** —Paine, Webber, Jackson & Curtis, Boston, Mass.

Southern Nevada Power Co.
Nov. 12 it was announced company plans to issue add tional common stock early in 1955. **Underwriters** Hornblower & Weeks, William R. Staats & Co. and Fi California Co.

Texas Electric Service Co. (2/23)
Dec. 20 it was reported company plans to issue and s $17,000,000 of first mortgage bonds due 1985. **Procee** —To redeem $7,000,000 3⅝% bonds and for constructi program. **Underwriter**—To be determined by compe tive bidding. Probable bidders: Halsey, Stuart & Co. In The First Boston Corp.; Kuhn, Loeb & Co., Blyth C Inc. and Lehman Brothers (jointly); Salomon Bros. Hutzler; Kidder, Peabody & Co. and Merrill Lyn Pierce, Fenner & Beane (jointly); Union Securit Corp.; Hemphill, Noyes & Co. and Drexel & Co. (joi ly). **Bids**—Tentatively expected to be received up 11:30 a.m. (EST) on Feb. 23. **Registration** — Schedul for Jan. 21.

Transcontinental Gas Pipe Line Corp.
Nov. 24 Tom P. Walker, President, announced that ne year's construction program and replacement of ba borrowings made in 1954 will require financing duri 1955 of about $85,000,000. While the financing progra has not been finalized the company's total long te debt ratio is expected to approximate 70% after the n financing is completed. **Underwriters**—White, Weld Co. and Stone & Webster Securities Corp.

Union Trust Co. of Maryland (1/7)
Nov. 11 it was announced bank plans to offer its stoc holders 100,000 additional shares of capital stock (p used to finance purchase and enlargement of a pla $40) on basis of one new share for each three sha held of record Jan. 6; rights to expire Jan. 24. **Unde writer**—Alex. Brown & Sons, Baltimore, Md. **Meeti** —Stockholders will vote on financing on Jan. 4.

Utah & Idaho Uranium, Inc., Kellogg, Ida.
Sept. 7 Lester S. Harrison, President, announced th the company contemplates obtaining funds to initi its uranium mining operations in Utah by the sale to t public of its unissued treasury stock. This financing w follow completion of the company's current drilling p gram.

Virginia Electric & Power Co.
Nov. 1 it was reported company may issue and sell $2 000,000 to $25,000,000 of first mortgage bonds some ti next Spring. **Underwriter**—To be determined by co petitive bidding. Probable bidders: Halsey, Stuart & Inc.; Union Securities Corp.; Stone & Webster Securit Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzl White, Weld & Co.

Western Light & Telephone Co., Inc.
Nov. 24 it was announced company plans to issue a sell $3,000,000 first mortgage bonds due 1985 and ab 40,000 additional shares of common stock (the latter stockholders on a 1-for-10 basis). **Proceeds**—For c struction program. **Underwriters**—May be Dean Wit & Co. and The First Trust Co. of Lincoln, Neb. **Off ing**—Expected in January. Bonds may be sold pu licly or privately, depending on market conditions.

Westpan Hydrocarbon Co. (4/15)
Dec. 11 it was reported Sinclair Oil Corp. will ask bids for 384,861 shares of Westpan stock about April 1955, if it has not been able to dispose of these holdi before that date. **Underwriter**—Union Securities Co New York, underwrote recent sale of Sinclair's holdi of Colorado Interstate Gas Co. White, Weld & Co., N York, may be included among the bidders.

Our Reporter's Report

Wall Street ordinarily likes its business large, but there are times when, depending on circumstances, even big business proves a bit trying on the nerves. What the Street likes is big business which moves out of the way quickly without tending to tie-up underwriting capital.

At the moment things are all right in one sense, but a bit disconcerting in another. The big business is just ahead, but with it comes the prospect for "sterilizing" of considerable banking and broker capital.

Several large pieces of equity financing are being done this month and early next on a "subscription rights" basis. Marine Midland Corp., with its offering of 403,082 shares of $50 par cumulative convertible preferred stock, touched off the parade yesterday.

Common stockholders of record at the close had the right to subscribe at $50 a share for the preferred in the ratio of one preferred share for each 18 common held. Rights here expire on Jan. 24.

But Aluminium Ltd., comes right behind, with holders of record at the close tomorrow being entitled to subscribe, at $47.60 a share for 921,923 shares additional stock on a one-for-ten basis. In this case the "standby" for bankers runs through Jan. 31 which means that considerable capital could be tied up.

And in the offing is General Motors projected offering for $325,000,000 of new capital via rights to common holders. The record date has not yet been set, but offering is slated early next month so that Stock Exchange firms especially may find themselves a bit pressed from time to time in the interval.

Big Equity Month

Although there is a goodly sprinkling of debt securities scheduled, January looms as a month which will bring an unusual volume of corporate equity financing to market.

These will be almost wholly in the utility field judging from a glance at the current calendar. United Gas Corp.'s 170,000 shares, being offered for the account of the Electric Bond & Share Co., is not, of course, in the nature of new financing, but rather represents clearing out of the latter firm's holdings.

However, Public Service Electric & Gas Co. is slated to market 250,000 shares of $100 par preferred and Duquesne Light has 450,000 shares of common, plus 160,000 shares of preferred scheduled. Meantime Toledo Edison Co. will market 100,000 shares of preferred and 400,000 shares of common.

Boost In Margin Rate

Underwriters were not overly concerned by the Federal Reserve's mark-up of margins required to 60% from 50%. They accepted this action as confirming current reports that the Federal was a bit concerned by the blossoming out of speculation in the share markets and determined to serve notice that it is keeping a watchful eye on the situation.

Investment bankers, as mentioned heretofore, already had been disposed to look for some quieting down of speculative activity as the month rolls on as a consequence of the several large equity offerings on "rights" which will tie-up considerable market capital for a spell.

They calculated that the nature of such financing would make its effects felt largely among Stock Exchange houses who would have the task of providing for their customers' purchases of such new issues "for the carry."

Hitting the Bull's-Eye

At the time of the opening of books on the first public offering of Campbell Soup Co., 1,300,000 shares of common stock, bankers admonished their dealer group to seek the widest possible distribution.

A recap of the result must make the sponsors of the offering feel mighty good for it develops that more than 1,030,000 shares were placed with individual investors, of which well over 900,000 shares were sold as odd-lots.

Figures show that some 556,000 shares went to buyers of 1 to 50 shares, with 374,000 shares being taken in lots of 51 to 100 shares. An additional 272,000 shares were taken by trusts which also could be classified as individuals in the final analysis.

Chicago Analysts to Hear

CHICAGO, Ill.—The Investment Analysts Society of Chicago will hear J. L. Holloway, President of the Crane Company at their luncheon meeting scheduled for January 13 at 12:15 p.m. in the Georgian Room of Carson Pirie Scott & Co.

The next meeting will be Jan. 27. Charles H. Percy, President of Bell & Howell Company will be speaker.

F. J. Holcombe, Jr. Now V.-P. of Crosby Corp.

BOSTON, Mass.—The Crosby Corporation, general distributor of Fidelity Fund and Puritan Fund, announces that Frank J. Holcombe, Jr., has been elected Vice-President. His office will continue to be at 111 Broadway, New York.

F. J. Holcombe, Jr.

Mr. Holcombe, a graduate of Rutgers University and formerly a partner of Banks & Holcombe, has been in the security business for the past 25 years. He has been active in wholesaling mutual funds since 1948 and will continue to represent The Crosby Corporation in this capacity in the East.

Fidelity Fund, whose assets at the beginning of 1954 were $91,000,000, has gained approximately $68,000,000 during the past year. Puritan Fund, an income fund, has grown from less than $1,000,000 to more than $4,000,000 during 1954.

Laurence Criley With Cruttenden in Denver

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Laurence T. Criley has become associated with Cruttenden & Co., First National Bank Building. Mr. Criley who has been in the investment business in Denver for many years was formerly an officer of Bosworth, Sullivan & Company, Inc.

Land Banks Plan $106 Million Issue

The 12 Federal Land Banks are making arrangements for a public offering of consolidated Federal farm loan bonds, Thomas A. Maxwell, Jr., Director of Land Bank Service of the Farm Credit Administration, announced yesterday (Jan. 5).

The proceeds of the sale are to be used to redeem $75.5 million of consolidated Federal farm loan 2¾% bonds which mature on Feb. 1, 1955, and to provide funds to make mortgage loans to farmers. This will be a cash offering. No preference will be given to holders of the maturing bonds in making allotments of the new bonds, Mr. Maxwell said.

The offering will be made through Macdonald G. Newcomb, 130 William St., New York 38, N. Y., the banks' fiscal agent, with the assistance of a large nationwide group of recognized security dealers. He will announce the price and the time and terms of the offering on or about Jan. 13.

Jemison Inv. Co. Formed in Birmingham

BIRMINGHAM, Ala.—Formation of Jemison Investment Co., Inc., with offices in the Brown-Marx Building, is announced.

Officers of the new firm are John S. Jemison, Jr., President and Treasurer; Robert M. King, Executive Vice-President; Leo C. Turner, Vice-President and Secretary, and M. P. Jemison, Vice-President.

Mr. Jemison was formerly a partner in Marx & Co.

Frederick Vogell With Eastern Securities

Frederick Vogell

Eastern Securities, Inc., 120 Broadway, New York City, announces that Frederick Vogell has joined the firm in the trading department. Mr. Vogell was previously with Frank Investors Corp., and Gilbert J. Postley & Co.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James H. Gregg has become affiliated with King Merritt & Co., Inc., U. S. National Bank Building.

To Form Schwerin, Stone

GREAT NECK, N. Y.—Schwerwin, Stone & Co., members of the New York Stock Exchange, will be formed as of Jan. 13 with offices at 1 Great Neck Road. Partners will be Frederick W. Schwerin, Clarence M. Schwerin, Jr. and Robert T. Stone, the Exchange member.

Washington... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Housing gives every promise of being a field in which there will be almost peace and quiet during 1955, in contrast with the rest of the Washington scene.

It may be doubted that the White House will come forward with any sweeping proposals for new legislation, and the Democrats are expected to feel the need for same. As far as the Administration is concerned, things are working out nicely. The inflationary less-money-down scheme of the Housing Act of 1954 is taking hold, and the customers are buying the houses, the builders are building like fury, and the boom is beautiful for a politician to behold.

Under the circumstances it would be the poorest politics for the Democrats to try to upset the applecart by trying to monkey with the Housing Act of 1954. Besides, everybody is rather tired of the dragonfire noise of the so-called housing scandals of 1954, scandals which seemed to go limp and lose their stuffings about as fast as the Eisenhower Administration and Senator Homer E. Capehart (R. Ind.) filled them up again.

Will Not Investigate

In particular the Democrats do not, as some reports would put it, plan to carry on their own housing investigation this year, although they have not formally met and resolved thereon. The Democrats lean toward the idea of a "watch dogging operation" in which the staffs of committee lawyers and experts will keep in touch with the operating agencies on a current basis and clean off the dirt as it appears in the bureaucratic ears.

Public Housing Fight to Arise

There will, of course, be the customary annual fight on public housing, which is pretty high cost but is billed on the calendar as "low cost" public housing. This will probably be a different kind of fight than before and different from last year in particular.

While the nation's most noted golfer last year came out for a program of four years of 35,000 units per year, the President last year still had some sympathy for the old-fashioned Republicans in Congress and in particular granted a dispensation to his No. 1 housing lieutenant from obeying the mandate to support same. This year it may be different. Mr. Eisenhower probably will lead aggressively the Democrats in their fight with Republicans on this issue, and there is likely to be considerable noise and recrimination. But it won't make much difference to building material suppliers or threaten the pretty housing boom.

Title I again comes up for renewal, as reported a week ago, on June 30, but the renewal, after some Republican prayers over the grave of the Title I phase (modernization and repair) of the FHA investigation, is likely to be routine. Everybody knows that a good many lenders are about ready to tell the government to go jump in the lake on this business and would do so if there were much more of a scrap on this.

Sparkman Becomes No. 1 Housing Expert

One of the curiosities of the Washington political shop is what has happened in the last couple of weeks to the government's stable of genuine housing experts. Virtually every one has quit, if one includes the departure recently of the able Joseph McMurray who as a member of the staff of the Senate Banking Committee, rated as about the best informed man on Capitol Hill on housing legislation before he left to climb the ladder to public housing success in New York City and state.

Then B. T. Fitzpatrick was hoisted as chief lawyer for the Housing and Home Finance Agency to make a job for a Republican lame duck. Seeing what was happening to these high priced jobs, two others quit, and really landed in the hay. One was Wade Harrison, general counsel of the Home Loan Bank Board, and the other was T. B. "Bert" King, in direct charge of the GI housing program.

These men are serious losses to the government, in the opinion of members of Congress of both parties. The web of governmental activities in housing and housing finance is so intricate it will take their replacements a couple of years to get hepped to the job, by which time their tenures might just be in doubt.

As a consequence this leaves Senator John J. Sparkman of Alabama just about the best informed man on Capitol Hill on housing, except possibly for Rep. Jesse P. Wolcott of Michigan, the retiring chairman of the House Banking committee. These are the only two men who have the historical knowledge of why decisions went this way instead of the other way on literally hundreds of the complex features of housing legislation.

Were Political Firings

As a general principle, this town sympathizes with the idea of "Schedule C" firings, or the throwing out of upper-pay-bracket, policy making jobs of old hands in favor of Republicans. On principle it is rated as a good idea, because of the tremendous influence which these upper bracket officials play in molding policy.

On the other hand, few principles seem to work out much better than their exceptions. If President Eisenhower had in fact been interested in curtailing the dependence of the housing industry upon government subsidy, as he tried to kid the voting suckers in his housing message of last year, the throwing out of these bureaucratic stalwarts would have sounded

BUSINESS BUZZ

"You're not trying to pad your expenses a trifle, are you, Figbar?"

like sense. He could have hired some greenhorns with a predisposition toward the radically dangerous notion of getting the government out of business.

Instead, however, the President's objectives were very apparently how can the government increase its involvement in the housing business so as to underwrite a housing boom. The success of this endeavor as a consequence of the come-and-get-it terms of the Housing Act of 1954 is a tribute to the fact that these seasoned housing lawyers on the government payroll who wrote the Housing Act knew their business.

Skips Consultation

What goes wrong in these cases, however, is that the White House sort of consults with its navel rather than with anybody in or out of Congress who might be familiar with the kind of job any individual in Schedule C was doing. In particular the White House didn't bother to heed the wishes of Al Cole, the top housing official of the Federal Government, who wanted to keep B. T. Fitzpatrick and not burden himself with a greenhorn lame duck. As a matter of fact, the White House usually told Mr. Cole whom his assistants would be, after having selected them and promised them the jobs.

Boosts Sparkman

When the 84th Congress gets going, Senator John J. Sparkman, the toll, genial, Alabama Democrat, is going to appear as an increasingly more important gentleman whose affairs should be noted.

For one thing, Senator Sparkman will likely head the Congressional Joint Committee on the Economic Report, that ring in the Congressional circus where the economic and monetary lions perform. It is a major forum from which controversies on the overall financial and monetary and economic phases of Federal policy are batted around.

For another thing, Sparkman is a genial fellow who no kidding loves his fellow men, conservative as well as progressive. Definitely leaning toward the "liberal" side, Johnny Sparkman is no doctrinaire. Sparkman has one of the supple minds that if he can be convinced that a given radical proposal will do more harm than good, he will drop it. And he often resolves the doubts, just in case, on the conservative side.

He gives the appearance of being just the genial, slow, easy-going southerner. He is little disposed to parade publicly in committee questioning, his excellent background on many issues. He seems shy. He defers to witnesses. Even when they are hostile witnesses, Johnny is kindly toward them. Anybody who get the idea as a consequence that Sparkman neither knows his business nor what he wants, and acts on such assumptions, is likely in due course to come in for some disappointment.

At present the powerful Senate Banking Committee is in a state of flux, and Sparkman is a man who can help much in straightening out its orientation, simply because he is so well liked. Above him in committee seniority is only Senator A. Willis Robertson, a Virginian with usually conservative leanings which he voices vehemently. Below him are some choice left-wingers, excepting Senator Allen Frear of Delaware.

The Chairman of the committee, Senator J. William Fullbright of Arkansas, until 1955 had paid comparatively little attention to banking legislation, because of his greater interest in foreign relations.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

Business Man's Bookshelf

Domestic Airline Industry—Comprehensive study with detailed financial studies of American Airlines and Capital Airlines—Henry Beecken and Associates, 1333 G Street, N.W., Washington 5, D. C.—$20.00 per copy.

French Revolution Inflation—Lesson of Irredeemable Currency—25c per copy; 10 copies, $2.00; 50 copies, $7.50; 100 copies, $10.00—Frederick G. Shull, 2009 Chapel Street, New Haven 15, Conn.

Group Insurance Against Major Medical Costs—A bibliography of selected references — Industrial Relations Section, Princeton University, Princeton, N. J. (paper) 20c.

Guaranteed Wages — J. W. Garbarino—Institute of Industrial Relations, University of California, Berkeley 4, Calif. (paper) 25 cents.

Productivity: A Critique of Current Usage — Lewis A. Maverick — Published by the Author, 701 South Oakland Avenue, Carbondale, Ill. (paper) 50c.

Welfare and Taxation — Colin Clark — Oxford, England Catholic Social Guild, 3s. 6d.